Design by Spirograph

ANNUAL REPORT

MAY 27, 1968 • MAY 25, 1969

NEW MEMBERS OF OUR CORPORATE FAMILY

Representative products of companies that joined General Mills in the fiscal year 1968-69.

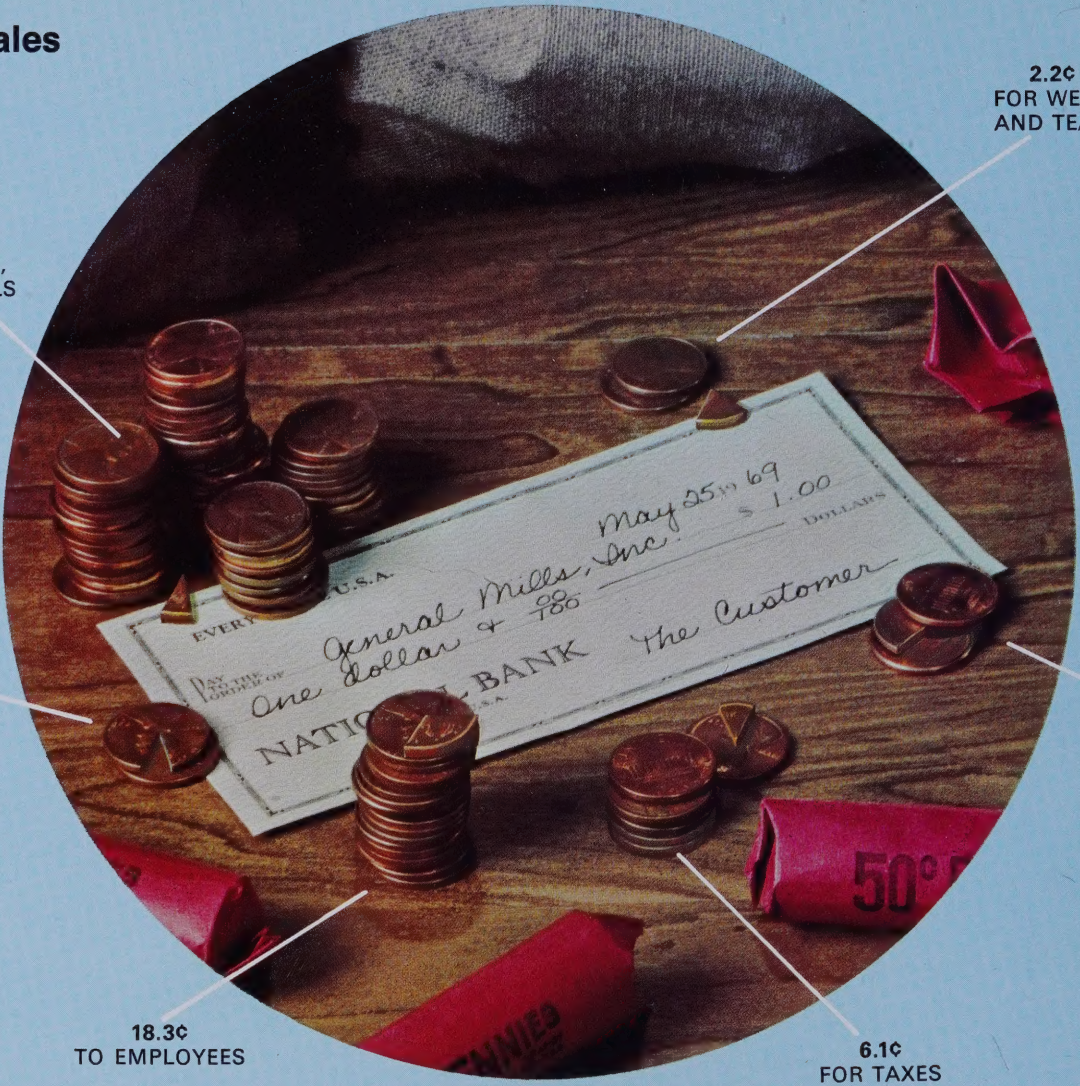
SERVING CONSUMERS, AT HOME AND AWAY: *Delicate patterns on the cover symbolize General Mills' growth through expanding service to consumers, young and old, wherever they may be. The designs were made with SPIROGRAPH, an educational toy and creative tool produced by Kenner Products Company, a wholly owned subsidiary in the Craft, Game & Toy Division of General Mills.*

GENERAL MILLS

CONTENTS

NOTICE TO STOCKHOLDERS: The annual meeting of the stockholders of General Mills, Inc., will be held at 3:00 p.m., Central Daylight Time, on September 16, 1969, at Golden Valley (Minneapolis 55440), Minn. The *Notice of Annual Meeting of Stockholders and Proxy Statement* is being mailed to reach stockholders on or about August 25, 1969.

How the sales dollar was divided



The Year in Brief

000 omitted	52 Weeks Ended May 25, 1969	52 Weeks Ended May 26, 1968 Restated*	52 Weeks Ended May 26, 1968 As reported
Sales	$885,242	$748,934	$668,942
Earnings before extraordinary items	36,263	32,537	31,311
Net earnings	37,547	32,537	31,311
Earnings before extraordinary items per dollar of sales	4.1¢	4.3¢	4.7¢
Earnings per common and common equivalent share:			
Earnings before extraordinary items	$ 1.77	$ 1.67	**
Net earnings	1.83	1.67	**
Wages, salaries, employee benefits	161,799	126,075	113,428
Taxes—Federal, State and Local	54,261	44,578	42,038
—per cent of earnings before taxes	59.9%	57.8%	57.3%
Dividends—common stock	$ 13,977	$ 13,139	$ 12,343
—preference stock	2,733	2,799	2,799
Earnings in excess of dividends	20,837	16,599	16,169

*Restated to include results of the Jesse Jones Sausage Company, acquired June 21, 1968, and, under a partial pooling of interests, The Gorton Corporation, merged August 16, 1968.

**Not reported on a comparable basis. Calculated with 1967-68 reported earnings, net earnings per common and common equivalent share would have been $1.66.

TO STOCKHOLDERS AND EMPLOYEES

August 15, 1969

We are pleased to report that General Mills, in the 52 weeks ended May 25, 1969, attained record levels in sales, earnings, earnings per share and dividends while laying new foundations for future progress.

Pretax earnings as restated grew at a pace exceeding the compound rate of about 12 per cent recorded for the previous five years. Earnings before income taxes (and before adjustments for earnings of partially owned companies) totaled $75,715,000, or 13.5 per cent more than the restated total of $66,726,000 for the previous year. Earnings after income taxes but before extraordinary items grew 11.5 per cent to $36,263,000.

In accordance with new rules adopted by the American Institute of Certified Public Accountants (see page 12D), General Mills is stating its earnings per share in terms of "common and common share equivalents" for the first time. Earnings per common and common equivalent share before extraordinary items attained a new high, at $1.77, or six per cent over the $1.67 restated for the previous year.

The company is reporting an extraordinary gain of $1,284,000, or about six cents per share (see page 12D). Therefore, total net income, including extraordinary items, is $37,547,000, or $1.83 per share.

Federal income tax surcharge payments totaled 16 cents per share during fiscal 1968-69—which is 10 cents more than in the previous year when the surcharge was applicable for only the final five months. Excluding tax surcharge and extraordinary income for both years, the company's earnings would be $1.93 for 1968-69 as compared with $1.73 in 1967-68. This is a gain of 12 per cent and in line with our established long-term objective: growth in earnings per share at a compound rate in excess of 10 per cent per year.

Commitment to growth in earnings per share remains the key objective of management because it offers the greatest benefit to the owners and generates maximum opportunity for employees. Expansion of sales is essential to this growth, and it is noteworthy that fiscal 1968-69 brought the largest single year's sales increase in the company's history, a gain of 18.2 per cent. Sales for the year totaled a new record high of $885,242,000.

Movement into growth areas is also important to sustained profit performance. During the first half of this decade, the company changed its emphasis from commodities, such as commercial flour and feed, to consumer products and streamlined its business to provide a solid base for growth. In the latter half of the decade, the operating base was broadened by ventures into the craft, game and toy fields, a variety of snack food markets and expanded international operations. Through merger with The Gorton Corporation, we have established a base in frozen food distribution.

As we move into the 1970s, we recognize that we must expand our participation in industries of the future — those which will offer exciting new products and services, especially to the homemaker and her family both here and abroad. During the past year, we began new ventures in fashion, direct marketing, away-from-home eating and socio-commercial enterprise. We also announced plans for the first major plant to manufacture a new group of foods from spun soy protein.

A merger with David Crystal, Inc., New York apparel manufacturer, came a step closer to completion in July when a definitive contract was approved by the Boards of Directors of both companies. David Crystal shareholders will convene in September to act on the contract. We expect the merger to be completed by early fall.

In funding these and other developments, General Mills will benefit from the financial flexibility created to help carry us through the tight money period. More than $70,000,000 in credit, both here and abroad, was available at the beginning of the current fiscal year to finance a planned increase in capital expenditures in 1969-70 and for favorable investment opportunities that may develop.

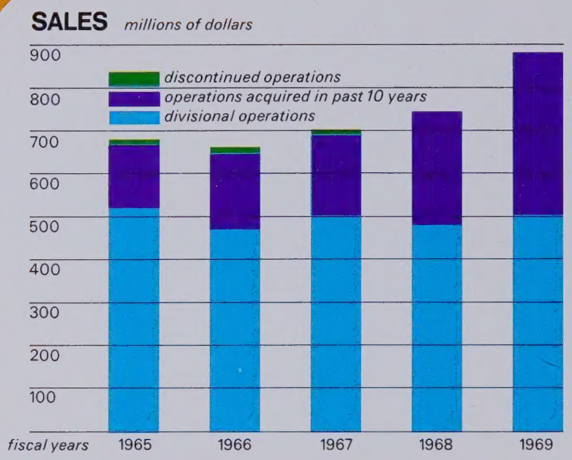
To provide an environment for the accelerating growth and progress the company seeks, a major realignment of operations was completed in 1968-69, including formation of five new divisions. In addition, a series of important executive assignments, including the election of James A. Summer as Executive Vice President and Chief Operating Officer, was made to strengthen the management structure.

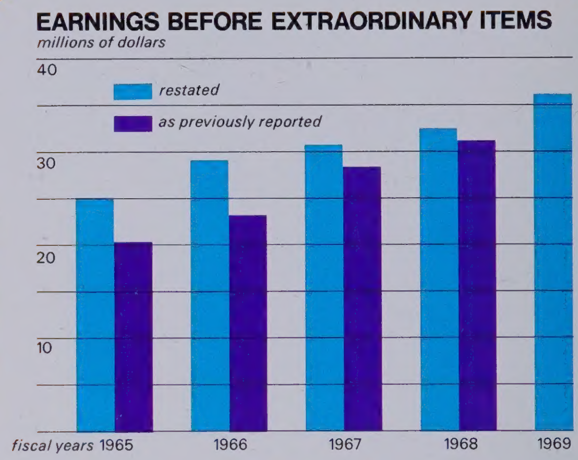
Gen. Edwin W. Rawlings, who served as Chief Executive Officer through much of the past decade as President and Chairman of the Board, retired from active management. We are deeply indebted to him for the leadership he has provided during this period of great change and growth, and as a member of the Board of Directors, he continues to contribute his knowledge, experience and creative thinking to our progress. He leaves behind an able and highly motivated organization dedicated to profit growth for the benefit of our shareholders and continued expansion of our services to society.

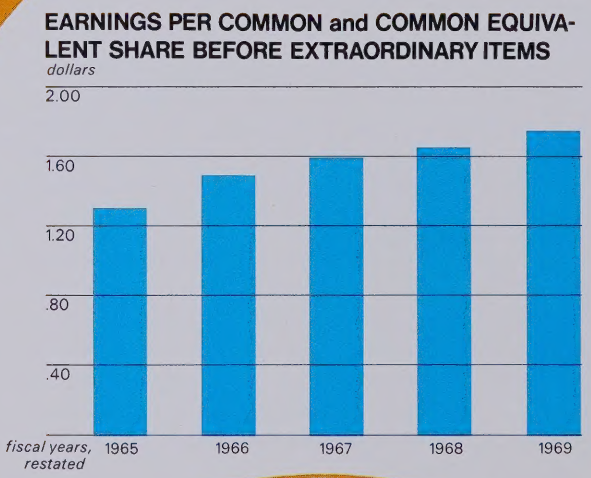
Although the year ahead will be full of challenges, your management looks forward with confidence to continuing success.

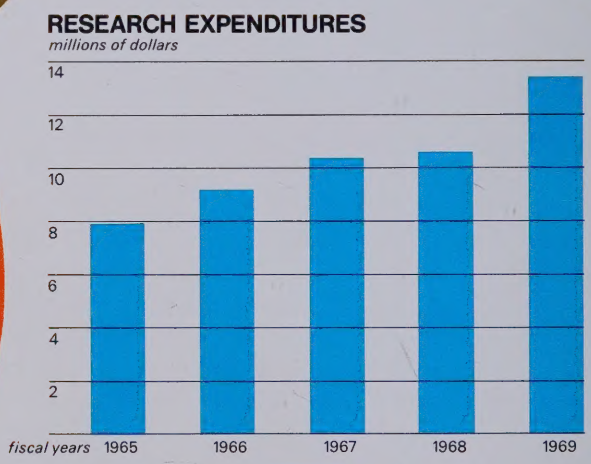
J. P. McFarland

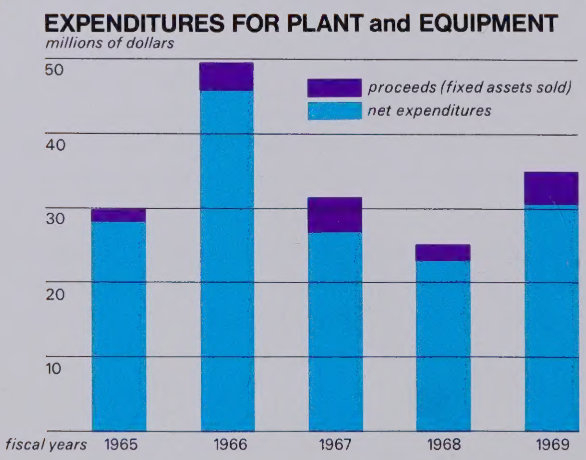
President

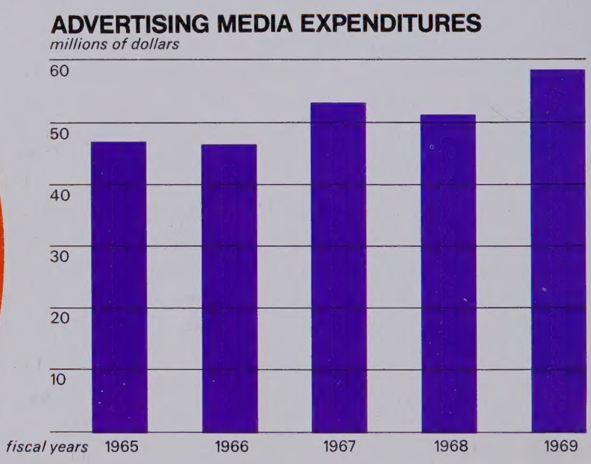

SALES millions of dollars
900
800
700
600
500
400
300
200
100
discontinued operations
operations acquired in past 10 years
divisional operations
fiscal years 1965 1966 1967 1968 1969


EARNINGS BEFORE EXTRAORDINARY ITEMS
millions of dollars
40
30
20
10
restated
as previously reported
fiscal years 1965 1966 1967 1968 1969


EARNINGS PER COMMON and COMMON EQUIVALENT SHARE BEFORE EXTRAORDINARY ITEMS
dollars
2.00
1.60
1.20
.80
.40
fiscal years, restated 1965 1966 1967 1968 1969


RESEARCH EXPENDITURES
millions of dollars
14
12
10
8
6
4
2
fiscal years 1965 1966 1967 1968 1969


EXPENDITURES FOR PLANT and EQUIPMENT
millions of dollars
50
40
30
20
10
proceeds (fixed assets sold)
net expenditures
fiscal years 1965 1966 1967 1968 1969


ADVERTISING MEDIA EXPENDITURES
millions of dollars
60
50
40
30
20
10
fiscal years 1965 1966 1967 1968 1969

BUSINESS REVIEW

General Mills continued to grow in the 41st year of its history, achieving record levels in sales, earnings, earnings per share and dividends paid to holders of its common stock.

Sales were $885,242,000 for the year, 18.2 per cent better than the $748,934,000 of 1967-68 with the previous year restated to include The Gorton Corporation, a processor of seafood products, and Jesse Jones Sausage Company, a meat processor, both acquired during the year and accounted for under pooling of interests procedures. Seven per cent of the reported sales gain represented internal growth; the rest came from cash acquisitions in which restatements for poolings of interests accounting procedures are not involved. Fifty per cent of 1968-69 sales were accounted for by products that were not in the General Mills line five years ago.

Earnings after income taxes and before extraordinary items at $36,263,000 were $3,726,000 higher than in the previous year, an increase of 11.5 per cent. Earnings before income taxes and before adjustments for partially owned subsidiaries were up 13.5 per cent to a record $75,715,000.

Earnings before extraordinary items per common and common equivalent share also attained a new high, at $1.77. Included in the calculations are all shares of common stock which may eventually be issued upon conversion of the company's $1.75 cumulative convertible preference stock as well as certain shares relating to the company's employee stock option and executive incentive plans and a performance contract with Kenner Products Company. On July 12, 1968, the corporation issued 1,125,000 additional shares of common stock, proceeds from which assured continued financial flexibility for executing growth plans. Based on the current method of calculation, earnings per share before extraordinary items were 10 cents higher than the $1.67 per share for last year calculated on a comparable basis, a gain of six per cent.

In addition to earnings from operations, the company reported net extraordinary income of $1,284,000, or about six cents per share. As a result, net income totaled $37,547,000 and net earnings per share, $1.83.

Dividends on common stock of 20 cents were paid for each of the four quarters, totaling a record 80 cents per share as compared with 78$\frac{3}{4}$ cents for 1967-68. This marked the fifth successive year of increases in dividends paid. On June 23, 1969, the Board of Directors declared a dividend of 22 cents per share of common stock, payable August 1, 1969. Continued through four quarters, this would represent a 10 per cent increase in the annual rate.

General Mills has recognized the growth opportunities created by increased amounts of discretionary income and leisure time available to consumers in many areas of the world. In 1968-69, approximately one-third of General Mills' sales was contributed by products used primarily during leisure hours—ranging from snack and fun foods to hobby craft products, games, toys and costume jewelry. Five years ago such products comprised only five per cent of total sales. Nevertheless, products used chiefly at mealtime rather than during leisure hours amounted to more than half of General Mills' business, just as they did five years ago. The offsetting change can be found in the segment represented by industrial items, those products like bakery flour

CONSUMERS, *young, old and in between, charge up for the day with Big G breakfast cereals. Clackers, the cereal with the flavor of graham crackers, made its market debut in September, 1968.*

GENERAL MILLS' *line of grocery products, ever growing, has provided favorites for the family through the company's 41-year history. Gold Medal Flour, introduced by the predecessor Washburn Crosby Company in 1880, is still the nation's number one brand.*

and specialty chemicals sold to other manufacturers and processors for further upgrading and production. These comprised more than one-third of the company's business five years ago but only about 12 per cent of sales in 1968-69.

In a year of widespread inflation, General Mills accomplished its 18.2 per cent sales gain with relatively little assistance from price increases. Just under two per cent of 1968-69 sales is accounted for by price increases during the year. Several activities saw reduction in selling prices, chiefly attributable to supply-demand relationship of their raw materials.

On balance, operating profit margins approximated the previous year's level. The reduction in net earnings per sales dollar as restated reflects the Federal income tax surcharge.

FOODS

Food continues to be the dominant business of General Mills, accounting for 84.4 per cent of 1968-69 sales. The percentage of total sales contributed by food has decreased since the previous year, however, primarily because of the company's expansion in non-food areas. Compared with the volume of the year before, food sales increased 13.1 per cent in 1968-69.

To provide an improved environment for accelerating growth and progress, the company reorganized its divisionalized food operations during the year, creating a Consumer Foods Group with four divisions — named Betty Crocker, Big G, Golden Valley and Sperry. It also established the food service operations as an autonomous division. The five new divisions are responsible for consumer package foods, food service products, commercial flour and grain operations, all formerly assigned to the Grocery Products and Flour and Food Service Divisions which they now replace.

Organized by product line, each division will be a separate business unit with responsibility for established products as well as for perception and development of entirely new business opportunities. Prior to the realignment, the two predecessor divisions accounted for well over half of corporate sales; no General Mills operating unit will now account for as much as 20 per cent of sales.

Consumer Foods

Most of General Mills' food products, 67.7 per cent of total corporate sales, were in the consumer food category in 1968-69. Sales of foods for consumers totaled $599,609,000, an increase of 15.6 per cent as compared with the previous year. More than half of the sales of the two acquisitions for which restatements have been made, The Gorton Corporation and Jesse Jones Sausage Company, was consumer foods.

Big G ready-to-eat cereals remain the company's most important single business. General Mills maintained a solid No. 2 position in the cereal market with more than 20 per cent of total sales. During the year, this market grew 4.5 per cent to approximately $695,000,000 at retail. The year's successful national introduction of Clackers, a unique graham flavored cereal, led to an improved trend in the market share of the Big G line, which includes such well-known brands as Cheerios, Wheaties, Total and Trix. In addition, Lucky Charms, a cereal for children, remains as one of the fastest-growing established brands in the industry. At the beginning of fiscal 1969-70, the company introduced nationally a presweetened vitamin and iron fortified cereal named Kaboom, also a product for children.

The company's participation in the huge domestic and international markets for snack items includes shaped snacks like Bugles and Pizza Spins produced in the United States and Canada; potato chips, nuts and confections sold by the Tom Huston Peanut Company and Morton Foods, Inc.; bubble gum produced by the newly acquired Donruss Co. of Memphis, Tenn.; meat snacks marketed by Slim Jim, Inc.; potato chips and nuts sold by The Smiths Food Group in the United Kingdom and Smiths Potato Crisps (Holland) N.V.; and biscuit cookies and crackers marketed by Biscuiterie Nantaise of France. Through a food brokerage organization, the company also began the limited sale of bag candy, canned nuts and family size candy bars under the Big G label.

New General Mills shaped snacks introduced during the year included more heavily flavored product varieties than were represented in the original line. The newer items included Pizza Spins, The French Fried Potato Crisp and Hotchas.

Tom Huston Peanut Company, a wholly owned subsidiary headquartered at Columbus, Ga., enjoyed significant growth during the year. Sales of potato chips increased rapidly. By the end of the fiscal year, Tom's program of moving from five-cent to 10-cent snack and candy items was more than half completed. Over half of 50,000 five-cent vending machines in service have been converted to 10-cent vending, and an additional 10,000 of the larger machines have been placed in operation. With the 10-cent units previously in service, 100,000 vending units are now serving Tom's customers. A series of new products was introduced. One hundred truck routes were added, and a total of 2,100 Tom's route trucks are now on the road.

Morton Foods, a subsidiary headquartered in Dallas, also enjoyed a successful year in potato chip operations. New snack products introduced during the year included bacon and cheese potato chips, baked cheese-flavored Twis-Tees, taco-flavored tortilla chips and barbecue flavored pork skins. Approximately half of Morton's total volume consists of potato chips and other snack items.

The Donruss Co. was acquired on March 28, 1969. Sales and earnings are included in the General Mills figures from that date. This company is a leading manufacturer of bubble gum with products selling for one cent, five cents and 10 cents, mostly under the Super Bubble label. It is being operated as a wholly owned subsidiary.

Cherry-Levis Food Products Corp., acquired in 1967, was renamed Slim Jim, Inc., during the year to more closely identify its product line. Slim Jim, and a June, 1968, acquisition, the Jesse Jones Sausage Company, form the basis of the Consumer Specialties Division of General Mills. Products of the two subsidiary companies are meat snack and meat specialty items such as Slim Jims, beef jerky, pickled sausages, pickled pork, weiners, bologna and luncheon meats. Jesse Jones production facilities at Garner, N.C., were expanded significantly in preparation for new product introductions and the opening of new market areas. Both Slim Jim and Jesse Jones enjoyed a record sales year, but unusually high meat costs reduced margins.

General Mills continues to be the leading company in the big family flour market by a wide margin, selling primarily under the Gold Medal label. In an acceleration of the trend of recent years, the total market for family flour declined some five per cent to about $275,000,000, but General Mills managed to increase its share — and hold sales volume relatively constant — by emphasizing smaller package sizes. Sales of these have held up better than the total industry, so the company's flour business is expected to continue as a strong profit contributor.

Betty Crocker dessert mixes — cake, frosting, brownie, cookie and other specialties — constitute another sizable product group. General Mills' products are No. 1 or 2 in every category, and the trend in share of market showed improvement again this year. The markets in which Betty Crocker dessert products, including puddings, compete totaled $400,000,000 and continued to show modest growth.

Betty Crocker cake mixes strengthened

BROTHER, *sister and papa, too, find tasty delight among the snacks and candies of the Tom Huston Peanut Company, which has been a subsidiary of General Mills since 1966. No doubt, they'll take some home to mother.*

AMERICANS *need not leave home to experience a bit of merry England. Frozen English Style Fish & Chips from The Gorton Corporation, a General Mills subsidiary, make it easy to have an English party. Just add a few decorations and newspaper serving cones in the British manner.*

their second position in their market, aided by such new products as Dole Pineapple layer and Chiffon cakes and Sour Cream Chocolate Fudge layer cake. In the frosting market, which grew six per cent during the year, Betty Crocker products increased their leadership position. Major gains were made by ready-to-spread canned frostings in a market where General Mills is the dominant factor. Further improvement in dessert markets is expected as a result of the introduction of new category entries such as Betty Crocker canned puddings, successfully launched in 1968-69.

Specialty baking products, including Betty Crocker muffin and pie crust mixes, Softasilk Cake Flour and Bisquick, have demonstrated growth in market share and are leading factors in markets totaling about $75,000,000 at retail. A reformulated New Bisquick, introduced into test markets in the previous year, reversed a downward trend noted a year ago. This product is now being expanded nationally and is expected to achieve a significant sales increase.

Potato Buds and specialty potato items such as scalloped and au gratin combined to give General Mills top position with more than one-fifth of the fast-growing and highly competitive processed potato market. It is estimated that 17 per cent of households now use processed potatoes compared with four per cent in 1960, and rapid market growth is expected to continue. Betty Crocker's hash browns with onions were expanded into national distribution.

General Mills' casseroles, such as Noodles Romanoff, have maintained their position in a market with retail sales exceeding $100,000,000 a year. Bac*Os, the isolated soy protein product with a taste and texture similar to crisp bits of bacon, have been given a highly satisfactory reception. Plans are under way to expand Bac*Os production capacity to permit national distribution.

On August 16, 1968, General Mills merged with The Gorton Corporation with headquarters in Gloucester, Mass., and fish and seafood processing facilities in the United States and foreign countries.

Per capita consumption of fresh and frozen fishery products in the United States rose 4.5 per cent in 1968 to the highest level since 1954. Retail prices increased slightly over the previous year, indicating stronger demand for fishery products as the market recovered from lifting of "meatless Fridays" by United States Bishops of the Roman Catholic Church late in 1966. Gorton's sales increased despite a severe explosion in the Quincy, Mass., cold storage plant on January 1, 1969, which disrupted sales and resulted in the loss of some 2.5 million pounds of inventory.

Gorton's is concentrating development efforts on new specialty items such as its frozen fish and chips, which became the subsidiary's top product in sales volume only 18 months after introduction. Other well-known Gorton trade names include Gorton's of Gloucester, Four Fishermen, Blue Water, Red L, Tropic-Fair, Jersey's Best and Bayou. During the past year, initial steps were taken in the development of Union Jack Fish & Chip Shoppes, a line of take-out seafood restaurants. Four company-owned and one franchised unit were open at the end of fiscal 1968-69.

Commercial Foods

Sales of food products to bakeries, hotels, restaurants and institutions, as well as ingredients to other food manufacturers, are included in the Commercial Food category. Sales of such products totaled $147,653,000 in 1968-69. This was 16.7 per cent of total corporate sales. The past year saw General Mills intensify its effort to serve the fast-growing away-from-home eating market. An autonomous Food Service Division now offers more than 125 products for hotels, restaurants and institutions, including five ready-to-serve sauces, two pudding and pie filling flavors and mayonnaise-style

potato salad among 13 new products introduced nationally during the year.

The food service industry is growing at an accelerated pace, and increasing labor costs are creating expanding sales opportunities for convenience and ready-to-serve products. Bontrae isolated soy protein items that have undergone successful tests will be produced at a new plant now under construction at Cedar Rapids, Iowa. A substantial part of the plant's output is expected to be sold to institutional users.

Segments of General Mills' operations other than the Food Service Division serve the away-from-home eating market. The Gorton Corporation markets a variety of frozen seafood items, and Morton Foods a broad line ranging from snacks to pickles for hotels, restaurants and institutions. General Mills' flour operations, now consolidated in the newly organized Sperry Division, continue to offer commercial flour though this represents a small portion of total flour milling activities.

Sales of food ingredients to other General Mills divisions and outside manufacturers increased substantially during the year. Products include wheat gluten, wheat starch, food grade gums, wheat germ products and Flavor Islands, a new line of specialty ingredients for the dairy industry which offers a unique method of adding flavor and color to ice cream and other foods. Also included in commercial food sales are Gorton's fish meal and fish oil sold in world markets.

IT'S SOMEBODY'S BIRTHDAY *and time for an indoor picnic. General Mills is on hand with quality flour and mixes that help bakers provide bountiful buns and colorful cake.*

SPECIALTY CHEMICALS

Worldwide sales of specialty chemicals totaled $38,620,000 for the year, a gain of six per cent over the previous year, and profits increased as well. All major product lines shared in the growth.

Business slowdown in some industries served by General Mills' chemical products was reversed during the year and permitted improved results despite growing competition. Several new products joined the chemical line. A new specialty nylon resin, brand-named Milvex, was introduced with good acceptance and excellent long-term potential; manufacturing capacity is being expanded.

The first practical water-based Versamid-epoxy coating system was introduced. Coatings from these Waterpoxy brand products have the well-known excellent characteristics of solvent-based Versamid-epoxy paints plus freedom from solvent odors and fire hazards. In addition, they make it easy to clean brushes and rollers with tap water.

General Mills' liquid ion exchange system for recovery of copper from low-grade ores, based on the company's patented LIX-64 reagent, has demonstrated commercial utility. A second major customer is constructing a commercial unit to use the process, and numerous pilot plant operations are being conducted by copper producers around the world. Demand for vitamin E products continues to grow, and O-Cel-O sponge operations showed growth as the result of successful promotional efforts.

Foreign operations by the Chemical Division continued strong both at Habib-General Limited, a partially owned subsidiary in Pakistan, and at Tragasol Products Limited in England. Both companies are producers of vegetable gums. Polymer Investments Limited, of Australia, a manufacturer of synthetic resins and specialty chemicals, which was acquired early in the preceding fiscal year, was

sold late in 1968-69. While operations were profitable, the decision was made to concentrate expansion investments in other areas.

CRAFTS, GAMES AND TOYS

General Mills' Craft, Game & Toy Division demonstrated excellent growth in markets which are expanding eight per cent to 10 per cent per year. Sales increased to $91,679,000 and now account for 10.4 per cent of total corporate sales versus 6.9 per cent in the previous year. While there was substantial internal growth, the larger part of the 77.9 per cent sales increase resulted from full-year operations of subsidiaries acquired for cash during 1967-68 and from one new acquisition during the past year.

Growth in craft, game and toy markets depends heavily on continued regular introduction of successful new products and extension of the life cycle of existing items. To this end, research and development have been intensified, with a 38 per cent increase in spending over the previous year and a 25 per cent increase in staff personnel. Long-range facilities planning assures production of the new products at the proper time. Marketing staffs of the craft, game and toy subsidiaries have been enlarged and financial planning and control strengthened.

Palitoy, Limited, a manufacturer in England of dolls and other items licensed from United States toy companies, was acquired in September, 1968. It will make possible the consolidation of craft, game and toy operations in the United Kingdom and establishes a base for growth in that part of the world. A joint venture was finalized in France with the Miro Company, the leading game manufacturer in Europe, and additional steps were taken to consolidate activities in Canada. Further plans are being developed to strengthen participation in international markets as well as to expand into the broader leisure time area domestically. Among these will be an attempt to revive the Lionel train business if General Mills elects to exercise an option it has taken to manufacture and market this product line starting in 1970.

Other subsidiaries of the Craft, Game & Toy Division were acquired earlier and so, for them, 1968-69 represents a full year of operation as a part of General Mills. Craft Master Corporation and Model Products Corporation showed good sales growth. One craft item, National Heritage kits, which are paint-by-number reproductions of hand carved originals, was a particularly successful new product entry. Two new model show cars, Wacky Racers and Dune Buggy, were especially successful.

Rainbow Crafts, Inc., makes and sells Play-Doh, America's favorite modeling compound, and other pre-school items including Dip Dots, Rainbow's most successful new product of the year.

Kenner Products Company demonstrated continued growth with Spirograph, its most important sales producer, and Easy Bake Oven leading the line. New products included Say It! Play It!, Easy Curl Hair Set Kit, My Books That Talk phonograph and Rex Tyrannosaurus, a six-foot reproduction of a prehistoric skeleton.

Parker Brothers markets a line of game equipment sold under such well-known brand names as Monopoly, Ouija, Clue and Sorry, which maintained strong sales trends. Instant Insanity, a sophisticated puzzle, became one of the largest unit

MONOPOLY, *Parker Brothers' trademark for its real estate trading game equipment, is familiar to young and old alike. Parker Brothers, Inc., which joined the General Mills corporate family in 1968, is part of the Craft, Game & Toy Division.*

sellers in the game industry. A follow-up product is SOMA, an intriguing Danish brain twister, off to a strong start, as are Deelie Bobbers, a plastic "pacifier" for adults.

NEW VENTURES

General Mills' management has accepted the challenge of a full commitment to growth. As one means of meeting growth goals, the company has challenged its people to develop and apply maximum entrepreneurial talents in examining the many possible growth areas that are related to the consumer in general and the homemaker in particular. Using the venture team concept, strategies have been formulated to enter many new areas. Actions initiated by new venture development groups were revealed in four new fields during the year. Partial year operation of two companies acquired for cash during the year — Monocraft, Inc., and Dexter Thread Mills, Inc.—and sales from restaurant activities provided $7,681,000 in revenues, accounting for .9 per cent of the corporate total.

A Fashion Venture Team began activities in this fast-growing area with the acquisition in December, 1968, of Monocraft, Inc., of New York City. This subsidiary, with its manufacturing plant in Providence, R.I., produces and markets the Monet line of fashion and basic costume jewelry which is sold through leading department and specialty stores across the nation. Necklaces, bracelets, pins, earrings and charms in goldplate, silverplate and white enamel are the principal products.

Before the close of 1968-69, a proposed merger with David Crystal, Inc., a New York apparel manufacturer, was announced. Terms call for an exchange of approximately 989,000 shares of General Mills common stock for the outstanding David Crystal common stock. David Crystal markets quality apparel under such brand names as David Crystal, Haymaker, Stony Brook, Izod, Chemise Lacoste, Crystal Sunflowers and others.

Organized as General Mills' Protein Operations, another venture team is charged with responsibility for expanding markets for Bontrae foods (textured protein products created from agricultural raw materials). Bontrae products result from a project in which the company has invested millions in research dollars over the past decade and more than 300 man-years of effort. Protein Operations will be responsible for the world's first major commercial plant to manufacture a new group of foods from spun soy protein. The facility is now being constructed in Cedar Rapids, Iowa. Bac*Os, the company's first commercial isolated protein product, went into test markets several years ago and now is in distribution through retail food stores east of the Rockies. Additional Bontrae foods are now being test marketed, largely in the food service area.

Another new venture team has taken the corporation into the $30,000,000,000 direct marketing field, which is characterized by the development of numerous major organizations selling a diverse line of products directly to the consumer through the mail and in the home. In January, 1969, General Mills acquired LeeWards (Dexter Thread Mills) of Elgin, Ill. This firm publishes 12,000,000 mail order catalogs annually, offering do-it-yourself kits from which the creative woman can produce 5,000 different products for herself, the home or for gifts. LeeWards processes more than 1,000,000 orders annually, using the most advanced electronic data processing equipment and programs available. The company also operates a unique and high volume retail facility in Elgin.

A final new venture team activity is the investigation of opportunities for General Mills in away-from-home eating as operator of a restaurant with table service, bakery, take-home food center and gift shop under one roof. The first of five test facilities, strategically located across the nation, is being constructed in Dallas,

DINING AWAY FROM HOME—*in school cafeterias like this, in restaurants, hotels or institutions—gains in pleasure from products of General Mills' Food Service Division.*

Texas, and will be called "Betty Crocker Tree House Restaurant and Bake Shop." The opening is scheduled for November 1, 1969.

INTERNATIONAL

Sales of international operations totaled $125,439,000 for the year, a gain of 85.6 per cent over the previous year. A major part of the increase is represented by full-year operation of subsidiaries acquired in 1967-68.

The past fiscal year has been one of consolidation and integration of the companies acquired a year ago, and there has been only limited further acquisition activity. In March, 1969, General Mills acquired approximately a half interest in a milling and cake mix venture in Guatemala (INHSA), with which the company had a working agreement for a number of years. Ownership in Smiths Potato Crisps (Holland) N.V. was increased 24 per cent to a current level of 75 per cent. In turn, Smiths-Holland acquired the Grippeling and Verkley Company in The Netherlands, a firm which has sold General Mills food and chemical products for half a century.

Snack volume and profits overseas were disappointing, and improvement is expected during fiscal 1969-70. Unusually cold weather on the continent last summer reduced the quality of chipping potatoes available to the United Kingdom and, therefore, affected adversely margins of The Smiths Food Group Limited. Inclement weather also reduced the growth in Smiths' snack volume and slowed sales of soft drinks in Italy. Private label competition hurt Smiths-Holland, but performance of a partially owned subsidiary in France, Biscuiterie Nantaise, was outstanding.

Two fast food restaurant operations in Europe began on a test basis during the year. The first, Smithy's, a shop featuring carry-out chicken and chips, opened in Chiswick, West London, on New Year's Day. General Mills also has entered into an agreement with Performance Systems, Inc., to explore the development of fast food operations in the United Kingdom and Continental Europe. The first two restaurants are expected to be opened during the second quarter of fiscal 1969-70.

In the Western Hemisphere, both the company's Canadian packaged food subsidiary and Toronto Macaroni & Imported Foods Limited, producing pasta and Italian style products, had successful years. General Mills de Mexico made satisfactory progress in chemical activities, but the company's Mexican food venture has not yet attained expected levels. Central and South American milling and cake mix operations were good performers.

In Japan, chemical activities, though small, exceeded expectations. Japanese food operations are in the early developmental stage with a new snack plant scheduled to begin operation in 1969-70. New York export operations were severely affected by the prolonged longshoremen's strike.

CAPITAL INVESTMENTS

Gross expenditures for land, plant and equipment were $35,186,000 for the year. This is $9,947,000 more than the $25,239,000 spent a year ago. Most of the investment was to reduce cost and increase efficiency.

Among the larger of the year's investments were those for a plot of land in southern California for future expansion, production facilities at Kenner and Craft Master to expand production and improve efficiencies, similar investment at Gorton and a plant addition to increase capacity at Jesse Jones.

FINANCIAL

The past year has been one of activity in international finance with short-term interest rates in the United States reaching the highest levels since 1893. General Mills, to maintain financial flexibility and to comply with the United States government's mandatory program of restraints on direct foreign investment, has been especially active in world money markets.

General Mills Finance N.V., a foreign finance subsidiary of the company, sold $20,000,000 in debentures, and another $31,000,000 was raised by other Eurodollar borrowing.

In this country, a new common stock issue of 1,125,000 shares raised $41,000,000. General Mills also made use of the $110,000,000 revolving credit arranged with 14 domestic banks more than a year ago. At the year's end, General Mills had approximately $70,000,000 of unused confirmed credit available to finance expansion in the year ahead.

RESEARCH / TECHNICAL CENTER

A new name, the James Ford Bell Technical Center, now identifies the complex which houses the major research, development and corporate engineering functions within General Mills. Much more than a name change is involved, however. The technical center concept is a novel approach to the management of scientific personnel in a large corporation, combining the advantages of an integrated technical facility with a market-oriented technical program.

Responsibility for its own research and development falls to each larger division. Each sets budgets, selects projects and directs objectives toward divisional targets. At the same time, the Technical Center provides adequate physical facilities and services to all personnel, thus avoiding costly duplication. Assigned programs for subsidiaries and smaller divisions are also a responsibility of the Technical Center as are corporate programs, those unrelated to existing divisions and aimed at new businesses for General Mills from internally developed technology.

In 1968-69, research expenditures, including those of the Technical Center, divisions and subsidiaries, totaled $13,450,000. This is 26.7 per cent above the comparable figure for 1967-68.

ADVERTISING

Advertising media expenditures by General Mills and its various subsidiaries totaled $58,785,000 in 1968-69. This is an increase of 13.9 per cent over the previous year, with expanded effort behind consumer food products and some of the toy lines.

GENERAL MILLS

Financial Data 1969

CONTENTS

Results of Operations

GENERAL MILLS, INC., AND SUBSIDIARIES

	52 Weeks Ended May 25, 1969	52 Weeks Ended May 26, 1968
	(in thousands)	
SALES	$885,242	$748,934
COSTS:		
Costs of sales, exclusive of items shown below	556,329	480,558
Depreciation and amortization (Notes 4 and 5)	22,615	17,984
Interest	12,810	7,857
Contributions to employees' retirement plans (Note 9)	2,091	1,708
Profit sharing distribution	2,349	2,099
Selling, general and administrative expenses	213,333	172,002
TOTAL	809,527	682,208
EARNINGS BEFORE TAXES ON INCOME and before extraordinary items and other charges shown below	75,715	66,726
TAXES ON INCOME (Note 7)	38,781	33,437
OTHER CHARGES:		
Share of earnings of The Gorton Corporation from purchased portion of the business (Note 1)	134	482
Share in net loss of 50% owned companies	107	83
Minority interests in net earnings of consolidated subsidiaries	430	187
EARNINGS BEFORE EXTRAORDINARY ITEMS	36,263	32,537
EXTRAORDINARY ITEMS (NET OF INCOME TAXES):		
Reduction of reserves provided in prior years for liquidation of discontinued operations	2,000	—
Losses on disposition of Louisville flour packaging plant and other investments	(716)	—
NET EARNINGS	$ 37,547	$ 32,537
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE:		
Earnings before extraordinary items	$ 1.77	$ 1.67
Extraordinary items	.06	—
Net earnings	$ 1.83	$ 1.67
Average number of common and common equivalent shares	20,531	19,451

Earnings Employed in the Business

	52 Weeks Ended May 25, 1969	52 Weeks Ended May 26, 1968
	(in thousands)	
NET EARNINGS FOR THE YEAR	$ 37,547	$ 32,537
DIVIDENDS:		
$1.75 cumulative convertible preference stock	2,733	2,799
Common stock ($.80 per share, 1969, and $.78¾ per share, 1968)	13,901	12,322
Pooled companies, prior to date acquired	76	817
TOTAL	16,710	15,938
NET EARNINGS IN EXCESS OF DIVIDENDS	20,837	16,599
Adjustment for results of operations of The Gorton Corporation for the period March 30, 1969, to May 25, 1969 (Note 1)	(40)	—
Reduction in amount provided or (provision) for expenses of dissolution of pooled companies	162	(350)
NET INCREASE IN EARNINGS EMPLOYED IN THE BUSINESS	20,959	16,249
EARNINGS EMPLOYED AT BEGINNING OF YEAR	168,010	151,761
EARNINGS EMPLOYED AT END OF YEAR (Note 6)	$188,969	$168,010

See accompanying statement of accounting methods and notes to consolidated financial statements on following pages.

Financial Position

GENERAL MILLS, INC., AND SUBSIDIARIES

	May 25, 1969	May 26, 1968
	(in thousands)	
CURRENT ASSETS:		
Cash	$ 13,433	$ 22,797
Short-term marketable securities (at cost, approximates market value)	10,248	6,832
Receivables (Note 2)	84,443	70,352
Inventories (Note 3)	106,653	88,260
Prepaid expenses	8,293	7,692
TOTAL	223,070	195,933
CURRENT LIABILITIES:		
Notes payable	8,433	7,076
Accounts payable and accrued expenses	76,842	67,083
Accrued taxes	17,533	19,978
Thrift accounts of officers and employees	2,975	3,069
Dividends payable	683	688
TOTAL	106,466	97,894
WORKING CAPITAL	116,604	98,039
OTHER ASSETS:		
Land, buildings and equipment (Note 4)	237,774	223,020
Investments, instalment receivables and miscellaneous assets	39,137	32,666
Excess of cost over net assets of consolidated subsidiaries (Note 5)	89,761	49,847
Patents, copyrights, contracts and other intangibles, less amortization (Note 5)	32,615	34,832
TOTAL	399,287	340,365
WORKING CAPITAL AND OTHER ASSETS	515,891	438,404
LONG-TERM DEBT, RESERVES AND DEFERRED LIABILITIES:		
Long-term debt (Note 6)	213,874	190,516
Deferred Federal income taxes (Note 7)	3,419	2,542
Reserve for disposition losses	3,016	5,915
Other reserves and deferred credits	5,977	5,292
TOTAL	226,286	204,265
EXCESS OF ASSETS OVER LIABILITIES AND RESERVES	289,605	234,139
MINORITY INTERESTS	3,434	6,958
EXCESS OF ASSETS OVER LIABILITIES, RESERVES AND MINORITY INTERESTS	$286,171	$227,181
STOCKHOLDERS' EQUITIES (Note 8):		
Preference stock (involuntary liquidation value $93,620,000, May 25, 1969)	$ 4,934	$ 4,973
Common stock	104,612	60,970
Earnings employed in the business (Note 6)	188,969	168,010
Common stock in Treasury (deduct)	(12,344)	(6,772)
TOTAL STOCKHOLDERS' EQUITIES	$286,171	$227,181

See accompanying statement of accounting methods and notes to consolidated financial statements on following pages.

Accounting Methods used by General Mills

Accounting methods used by various companies differ. A brief description of the principal procedures used by General Mills may, therefore, be helpful in reading the company's financial reports.

SUBSIDIARY COMPANIES

Earnings of General Mills include the company's share of the profits or losses of all subsidiaries in which we own an interest of 50 per cent or more. Earnings include *only the dividends* received from companies in which our interest is less than 50 per cent. The full amount of sales and costs of companies in which General Mills owns a majority interest are included in the results of operations.

Sales, costs and earnings of businesses purchased for cash are shown in the results of operations from the date of acquisition. Businesses acquired by issuance of stock have been included in financial reports as though they had been a part of General Mills for the periods presented, under pooling of interests accounting. The merger of The Gorton Corporation with General Mills was accounted for as a part pooling of interests and part purchase. Under this procedure, the share of net profits related to the portion of the business purchased for cash (approximately 32 per cent) has been eliminated from General Mills' earnings for periods prior to the date of merger.

Substantially all financial information about foreign operations is converted to U. S. dollars based on currency exchange rates at the end of the year.

EXTRAORDINARY ITEMS OF INCOME

During the past several years, General Mills has discontinued a number of major businesses, including feed, soybean processing, electronics, refrigerated foods and a portion of bulk flour operations. Reserves were provided to cover the losses of liquidating these businesses by charges to earnings employed in the business. About $2,000,000 (net after taxes) of the remaining reserves will not be needed and have been added as extraordinary income to the results of operations. Current accounting rules do not permit this extraordinary credit to be returned directly to earnings employed in the business, the account to which it was originally charged.

During the past year, General Mills incurred extraordinary losses from the closing of its flour packaging plant at Louisville, Ky., and disposition of other investments. These losses (net after taxes) have been shown as an extraordinary charge in the earnings statements, reducing the $2,000,000 from returned reserves.

EARNINGS PER SHARE

In May, 1969, the American Institute of Certified Public Accountants adopted new rules for reporting earnings per share. These rules require that earnings per common share be based on the average number of common shares outstanding plus what are called "common share equivalents." Common share equivalents include the common shares which may be issued under varying circumstances in the future. For General Mills, these include:

- Shares to be issued upon possible conversion of preference stock
- Shares for certain stock options
- Shares for the former stockholders of Kenner Products Company earned through profit performance under the contract for purchase of this business

DETERMINATION OF INCOME

The following accounting methods have been applied from year to year in the determination of income:

Inventory pricing results in a value which approximates the cost of the most recently purchased materials making up the inventory.

A portion of the cost of buildings and equipment is charged against earnings each year as depreciation. This amount is computed by the straight-line method, which means that approximately equal amounts of depreciation are charged against profit or loss each year during the useful life of the building or machine. For tax purposes, however, accelerated methods of depreciation are used which take more depreciation in the early years than in the later years of the useful life of the property. Earnings are charged currently for deferred taxes resulting from this difference in depreciation.

Earnings are also charged with the year-by-year reduction in value resulting from the expiration of patents, copyrights and contracts, usually acquired through the purchase of businesses.

When the company purchases equipment, it earns credits which reduce Federal income taxes. The entire reduction in taxes from these credits is reported as a benefit to each year's earnings.

Amounts for research and development are charged against earnings for the year in which they are spent.

Notes to Consolidated Financial Statements

1. PRINCIPLES OF REPORTING AND CONSOLIDATION

The consolidated financial statements include the accounts of General Mills, Inc., and all majority-owned subsidiaries. The company's investments in 50% owned companies are carried at cost plus its share in accumulated profits or losses since acquisition. Current assets and liabilities of foreign subsidiaries are consolidated at year end exchange rates and land, buildings and equipment at exchange rates at time of acquisition. The fiscal years of foreign subsidiaries generally end on April 30 or March 31.

On August 16, 1968, The Gorton Corporation was merged with General Mills, Inc., in a transaction accounted for as a part purchase and part pooling of interests. General Mills exchanged 544,711 shares of its common stock for 67.6 per cent of the outstanding common shares of Gorton. The company also purchased for cash of $9,530,000 the remaining 32.4 per cent of the Gorton shares. The accompanying financial statements have been restated to include the accounts of Gorton, except that the share of Gorton's net profits related to the portion of the business purchased for cash has been eliminated from earnings for periods prior to the merger date.

The Gorton Corporation operated on a fiscal year ending the last Saturday in March. The statement of results of operations includes Gorton's operations for the 52 weeks ended in March of 1969 and 1968. The statement of financial position for the current year includes the accounts of Gorton as of May 25, 1969. Gorton's operations for the period March 30, 1969, through May 25, 1969, have been charged directly to earnings employed in the business.

The company acquired on June 21, 1968, the assets and business of Jesse Jones Sausage Company in exchange for 100,672 shares of common stock. This transaction has also been accounted for as a pooling of interests and the financial statements have been restated to include the accounts of the Jesse Jones Sausage Company.

During the 1969 fiscal year, the company purchased the following businesses for cash: Grippeling and Verkley Company; Industria Harinera Guatemalteca, S.A. (47%); LeeWards (Dexter Thread Mills, Inc.); Monocraft, Inc.; Palitoy, Limited; Smiths Potato Crisps (Holland) N.V. (ownership increased from 51% to 75%); and The Donruss Co.

2. RECEIVABLES

	May 25, 1969	May 26, 1968
Customer	$ 77,056,000	$ 66,800,000
Miscellaneous	8,954,000	5,477,000
	86,010,000	72,277,000
Less allowances for possible losses	1,567,000	1,925,000
	$ 84,443,000	$ 70,352,000

3. INVENTORIES

	May 25, 1969	May 26, 1968
Package foods, toys and games, chemical products, etc., at lower of cost or market	$ 80,872,000	$ 64,737,000
Grain for processing and flour at market, after appropriate adjustments for open cash trades, unfilled orders, etc.	13,045,000	11,979,000
Containers, supplies, etc. at cost	10,301,000	10,377,000
	104,218,000	87,093,000
Advances on grain and other commodities	2,435,000	1,167,000
	$106,653,000	$ 88,260,000

4. LAND, BUILDINGS AND EQUIPMENT

	May 25, 1969	May 26, 1968
Buildings	$133,835,000	$128,429,000
Equipment	223,863,000	209,203,000
Construction in progress	14,715,000	9,358,000
Accumulated depreciation	(138,174,000)	(126,166,000)
Depreciated cost of buildings and equipment	234,239,000	220,824,000
Land	13,212,000	12,001,000
	247,451,000	232,825,000
Provision for losses on disposition of facilities	(9,677,000)	(9,805,000)
Net value	$237,774,000	$223,020,000

Land, buildings and equipment are stated substantially at cost. Depreciation, provided for the most part by the straight-line method, amounted to $19,754,000 in 1969 and $16,895,000 in 1968. During the year, certain subsidiaries changed from accelerated methods to straight-line depreciation. This change had no material effect on the results of operations for the year.

Notes to Consolidated Financial Statements, *Continued*

5. INTANGIBLE ASSETS

Excess of cost over net assets of consolidated subsidiaries represents the difference between purchase prices and the values ascribed to the net assets of businesses acquired for cash. At its meeting on May 26, 1969, the Board of Directors confirmed that the amounts composing the excess of costs over net assets of consolidated subsidiaries have continuing value; accordingly these intangible assets have not been amortized or otherwise reduced in value. Amortization of other intangibles which have limited useful lives amounted to $2,861,000 in 1969 and $1,089,000 in 1968.

6. LONG-TERM DEBT

	May 25, 1969	May 26, 1968
Promissory notes due under revolving credit agreement with interest at 7½% as of May 25, 1969 (see description of terms below)	$ 59,400,000	$ 81,400,000
Three 20-year 3½% promissory notes of $5,000,000 each, due August 1, 1972, May 1, 1974, and May 1, 1975	15,000,000	15,000,000
Three 25-year 4¼% promissory notes of $10,000,000 each, due May 1, 1982, May 1, 1983, and May 1, 1984	30,000,000	30,000,000
4⅝% sinking fund debentures, due August 1, 1990	34,225,000	35,000,000
The Smiths Food Group Limited 5¾% Debenture Stock, due March 31, 1988	6,507,000	6,600,000
General Mills Finance N.V., 7% Guaranteed Eurodollar Debentures, due 1980	19,509,000	—
Other Eurodollar and foreign currency term loans, 5½% to 9½%, due 1970 through 1975	40,800,000	10,000,000
Miscellaneous debt	9,411,000	14,410,000
	214,852,000	192,410,000
Less current portion of above included under current liabilities	978,000	1,894,000
	$213,874,000	$190,516,000

The company has a revolving credit agreement under which it may borrow and pre-pay without penalty up to $110,000,000. Interest on amounts borrowed, which may range between 4% and 8%, is based upon the "fluctuating best rate" as defined in the contract. Notes issued and not prepaid prior to December 27, 1970, become payable in 10 substantially equal consecutive semi-annual instalments commencing June 27, 1971.

Sinking fund and principal payments on long-term debt are $978,000, $14,067,000, $27,121,000, $23,436,000 and $29,388,000 in the fiscal years ending in 1970, 1971, 1972, 1973 and 1974, respectively. The terms of the promissory note agreements and the revolving credit agreement place restrictions on the payment of dividends and capital stock purchases and redemptions. At May 25, 1969, $9,820,000 of earnings employed in the business was free of such restrictions.

7. TAXES ON INCOME

A provision of $962,000 ($1,064,000 in 1968) has been charged to the current year's operations for deferred Federal income taxes. The investment credit for 1969, $1,091,000 ($848,000 in 1968), was credited to the provision for income tax expense for the year.

8. STOCKHOLDERS' EQUITIES

The $1.75 cumulative convertible preference stock outstanding is convertible into common stock at the option of the holder at a rate of 1.7 shares of common stock for each share of preference stock and is subject to anti-dilution provisions. During the year, 12,340 shares of preference stock ($39,000) were converted into 20,973 shares of common stock. This preference stock is redeemable after August 26, 1971, at a price of $65 per share, declining at the rate of $1.00 per share each August 26 until 1976, after which it is redeemable at $60 per share. In the event of involuntary liquidation, the holder of these preference shares shall receive $60 per share, plus accrued dividends. Holders of shares of $1.75 preference stock are entitled to .85 of a vote per share, and holders of common stock are entitled to one vote per share on all matters upon which stockholders generally have the right to vote.

During the year, 148,200 shares of common stock ($5,780,000) were purchased for the Treasury and 9,811 treasury shares ($208,000) were transferred to officers

and employees under the profit sharing plan and for contest awards.

The company has stock option plans for its officers and employees with varying provisions. In general, these plans provide for termination of options at either five or 10 years after date of grant with certain exceptions due to death, disability or retirement. Options are granted at not less than 100% of fair market value. Information on stock option transactions during the year is shown below.

	Shares	Option Price per share
Granted	145,850	$38.75-$40.75
Became exercisable	137,800	27.91- 34.69
Exercised	94,740	12.82- 31.00
Expired	27,251	27.91- 38.75
Outstanding at end of year to 220 officers and employees	439,823	14.66- 40.75

Changes in the value and number of issued shares of $1.50 par value common stock are shown in the table to the right.

	Shares	Amount
Balance, May 26, 1968	16,326,106	$ 55,592,000
Shares issued to acquire the assets and the business of The Gorton Corporation and Jesse Jones Sausage Company	645,383	5,378,000
Balance, May 26, 1968, as restated for pooling of Gorton and Jesse Jones	16,971,489	60,970,000
Proceeds from sale of stock under option plans	94,740	1,784,000
Conversion of $1.75 cumulative convertible preference stock	20,973	39,000
Shares issued in public offering	1,125,000	41,625,000
Proceeds from exercise of Gorton stock options (prior to merger date, August 16, 1968)	—	194,000
Balance, May 25, 1969	18,212,202	$104,612,000

Stockholders' Equities

	May 25, 1969		May 26, 1968	
	Shares	Amount	Shares	Amount
No par value cumulative preference stock:				
Authorized	5,000,000		5,000,000	
Issued—$1.75 voting cumulative convertible	1,560,338	$ 4,934,000	1,572,678	$ 4,973,000
Common stock—$1.50 par value:				
Authorized	30,000,000		30,000,000	
Reserved for issuance under stock option plans:				
Options outstanding	439,823		415,964	
Available for grant	231,201		349,800	
Reserved for conversion of convertible preference stock	2,652,575		2,673,553	
Reserved for Kenner purchase	672,465		672,465	
Issued at stated value	18,212,202	104,612,000	16,971,489	60,970,000
Common stock—class B, $3 par value, no-dividend:				
Authorized	1,000,000		1,000,000	
Issued	—		—	
Earnings employed in the business		188,969,000		168,010,000
Common stock, $1.50 par value, in Treasury, at cost (deduct)	(440,049)	(12,344,000)	(301,660)	(6,772,000)
		$286,171,000		$227,181,000

9. OTHER MATTERS

Pension expense for the year includes amortization of prior service cost of some plans over a period of 40 years. It is the company's policy to fund pension cost accrued. Based on actuarial determinations, the plans are fully funded with respect to all vested benefits.

Authorizations at May 25, 1969, for unexpended appropriations for property additions and improvements and for maximum potential cash payments under profit performance contracts for acquired businesses amounted to approximately $91,200,000.

There was no litigation pending at May 25, 1969, not provided for in the accounts, which in the opinion of management, would have a significant effect on the financial position of the company.

The company has entered into a contract with David Crystal, Inc., for merger into General Mills in exchange for approximately 989,000 shares of General Mills common stock at a ratio between .875 and .900 share of General Mills for each share of David Crystal stock dependent on the earnings for the period ended May 31, 1969. Consummation of the merger is subject to the affirmative vote of the David Crystal shareholders, as well as other usual conditions.

Sources and Uses of Working Capital GENERAL MILLS, INC., AND SUBSIDIARIES

	52 Weeks Ended	May 25 1969		May 26 1968
		(in thousands)		
Working Capital Provided By:				
Net Earnings		$ 37,547		$ 32,537
Add expenses not requiring cash outlays:				
Depreciation of fixed assets and amortization of intangibles		22,615		17,984
Deferred Federal income taxes, etc.		1,134		2,326
Total working capital provided from operations		61,296		52,847
Increase in long-term debt		22,510		81,204
Sale of stock upon exercise of options		1,978		2,272
Common stock issued—net of treasury stock acquired		35,854		—
Other sources		2,474		1,753
TOTAL WORKING CAPITAL PROVIDED		124,112		138,076
Working Capital Used For:				
Purchase of businesses—total cash prices		57,025		128,477
Less working capital acquired		8,985		22,746
Balance		48,040		105,731
Consisting of—Fixed assets	$ 4,814		$ 30,958	
—Intangible and miscellaneous assets	39,193		86,378	
—Long-term debt	(848)		(8,709)	
—Minority interests	4,939		(2,077)	
—Deferred taxes, etc.	(58)		(819)	
Additions to plant and equipment less proceeds from sales		30,457		23,047
Cash dividends		16,710		15,520
Increase in instalment receivables—net		1,750		1,557
Increase in investments		7,215		—
Other uses		1,375		858
TOTAL WORKING CAPITAL USED		105,547		146,713
NET INCREASE (DECREASE) IN WORKING CAPITAL		18,565		(8,637)
WORKING CAPITAL AT BEGINNING OF YEAR		98,039		106,676
WORKING CAPITAL AT END OF YEAR		$116,604		$ 98,039

Expenditures for acquired companies (over $57,000,000) again highlighted working capital transactions during the 1969 fiscal year. Major businesses purchased include Monocraft, Inc., The Donruss Co., LeeWards (Dexter Thread Mills), The Gorton Corporation (part purchase), Palitoy, Limited, and an additional portion of Smiths Potato Crisps (Holland) N.V. After deducting working capital acquired of approximately $9,000,000, the net outlay of working capital for purchased companies was $48,000,000. (The acquisition of Jesse Jones Sausage Company and a part of The Gorton Corporation are not reflected in the purchase price of businesses acquired since these transactions were treated as "poolings of interest.") Expenditures for plant and equipment of $30,500,000 and dividends of $16,700,000 were the other major outflows.

Net earnings, after addition of charges not requiring cash outlays, contributed $61,300,000. Common shares issued at public offering brought $41,625,000 (offset by treasury stock acquisitions of $5,770,000). These amounts, along with long-term borrowings of $22,500,000 and other miscellaneous transactions, provided total working capital of $124,000,000.

The combination of uses, totaling $105,500,000, with additions of $124,000,000, resulted in a net increase in working capital of over $18,500,000 during the year.

Accountants' report

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
MIDWEST PLAZA BUILDING
MINNEAPOLIS, MINNESOTA 55402

July 25, 1969

The Stockholders and the Board of Directors
General Mills, Inc.:

We have examined the statement of financial position of General Mills, Inc. and subsidiaries as of May 25, 1969, and the related statements of results of operations and earnings employed in the business and the statement of sources and uses of working capital for the 52 weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial position and statements of results of operations and earnings employed in the business present fairly the financial position of General Mills, Inc. and subsidiaries at May 25, 1969, and the results of their operations for the 52 weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year as restated. Also, in our opinion, the accompanying statement of sources and uses of working capital presents fairly the information shown therein.

Peat, Marwick, Mitchell & Co.

Sales*

BY MAJOR PRODUCT GROUP *(in millions)*

	Fiscal Years									
	1969		1968		1967		1966		1965	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL	$885.2	100.0	$748.9	100.0	$705.4	100.0	$667.9	100.0	$683.7	100.0
Food Products	747.3	84.4	661.0	88.2	643.2	91.2	604.0	90.4	635.5	93.0
Consumer Foods	599.6	67.7	518.7	69.2	497.3	70.5	444.3	66.5	413.3	60.5
Cereals and Snacks	307.6	34.7	237.6	31.7	221.6	31.4	188.6	28.2	173.5	25.4
Mixes, Family Flour, Frozen Foods, Other	292.0	33.0	281.1	37.5	275.7	39.1	255.7	38.3	239.8	35.1
Commercial Foods	147.7	16.7	142.3	19.0	145.9	20.7	159.7	23.9	222.2	32.5
Specialty Chemicals	38.6	4.3	36.4	4.9	30.3	4.3	27.4	4.1	22.2	3.2
Crafts, Games and Toys	91.7	10.4	51.5	6.9	30.7	4.3	20.6	3.1	13.8	2.0
New Ventures	7.6	.9	—	—	—	—	—	—	—	—
Discontinued Operations	—	—	—	—	1.2	.2	15.9	2.4	12.2	1.8

*Restated to include The Gorton Corporation (merged August 16, 1968), Jesse Jones Sausage Company (acquired June 21, 1968), Kenner Products Company (acquired December 20, 1967) and Tom Huston Peanut Company (acquired August 27, 1966), accounted for on a pooling of interests basis.

Earnings*

BY MAJOR PRODUCT GROUP *(in millions)*

	Earnings Before Taxes					
	1969		1968		1967	
	Amount	%	Amount	%	Amount	%
Food Products	$85.0	87.1	$76.9	92.4	$69.4	93.3
Consumer Foods	77.1	79.0	*	*	*	*
Cereals and Snacks	42.4	43.4	*	*	*	*
Mixes, Family Flour, Frozen Foods, Other	34.7	35.6	*	*	*	*
Commercial Foods	7.9	8.1	*	*	*	*
Specialty Chemicals	1.9	1.9	1.1	1.3	1.6	2.1
Crafts, Games and Toys	10.0	10.3	5.2	6.3	3.4	4.6
New Ventures	.7	.7	—	—	—	—
Total Operating Profits	97.6	100.0	83.2	100.0	74.4	100.0
Unallocated corporate expenses, exclusive of items shown below	(10.1)		(8.6)		(7.6)	
Interest expense—net	(9.4)		(5.8)		(3.2)	
Profit sharing distribution	(2.4)		(2.1)		(2.4)	
TOTAL	$75.7		$66.7		$61.2	

*Restated to include The Gorton Corporation (merged August 16, 1968) accounted for as a part purchase, part pooling of interests, Jesse Jones Sausage Company (acquired June 21, 1968) and Kenner Products Company (acquired December 20, 1967), which are accounted for as poolings of interests. Restated earnings from consumer and commercial foods are not available for 1968 and 1967.

Profits reported here indicate the relative contributions of General Mills' diversified operations to total earnings. They are not necessarily comparable to similar data for other companies since accounting procedures may vary.

Ten Years in Review GENERAL MILLS, INC., AND ITS CONSOLIDATED SUBSIDIARIES

Before Restatements for Poolings of Interests†

	52 Weeks Ended		
	May 25 1969	May 26 1968	May 28 1967
Sales	$885.2	668.9	602.5
Earnings before extraordinary items	$ 36.2	31.3	28.4
Net earnings	$ 37.5	31.3	28.4
Dividends—common stock	$ 13.9	12.3	11.4
—preferred and preference stock	$ 2.7	2.8	2.4
Earnings before extraordinary items in excess of dividends	$ 19.6	16.2	14.6
Per share of common and common equivalent stock (in dollars)*			
Earnings before extraordinary items	$ 1.77	1.66	1.57
Net earnings	$ 1.83	1.66	1.57
Dividends	$ .80	.78¾	.75
Common shares outstanding at year end*	17,772	16,024	15,268
Preferred shares outstanding at year end	—	—	—
Preference shares outstanding at year end	1,560	1,573	1,623
Number of stockholders	32,900	30,000	29,300
Market price range (in dollars)			
—common stock*	43⅝-31⅝	42⅝-30	36¾-27
—preference stock	71½-54½	71¼-55⅝	61½-48

†Excludes The Gorton Corporation and Jesse Jones Sausage Company (1968 and prior years), Kenner Products Company (1967 and prior years), Tom Huston Peanut Company (1966 and prior years), Morton Foods, Inc. (1963 and prior years) and Gold Medal Insurance Co. (1966 and prior years).

Five Years in Review

dollars in millions

Restated for Poolings of Interests†

	Fiscal Years				
	1969	1968	1967	1966	1965
Sales	$885.2	748.9	705.4	667.9	683.7
Income taxes	$ 38.8	33.4	30.1	23.8	24.5
Earnings before extraordinary items	$ 36.2	32.5	30.9	29.2	25.2
Extraordinary items (net of income taxes)	$ 1.3	—	—	(1.1)	(12.7)
Net earnings	$ 37.5	32.5	30.9	28.1	12.5
Earnings before extraordinary items per sales dollar	4.1¢	4.3¢	4.4¢	4.4¢	3.7¢
Per share of common and common equivalent stock (in dollars)*					
Earnings before extraordinary items	$ 1.77	1.67	1.60	1.51	1.31
Net earnings	$ 1.83	1.67	1.60	1.45	.65
Taxes (Federal, State, Local)	$ 2.64	2.29	2.05	1.64	1.67
Cash generated from operations	$ 2.98	2.72	2.52	2.28	1.95

†Includes The Gorton Corporation (merged August 16, 1968), which was accounted for as a part purchase, part pooling of interests, Jesse Jones Sausage Company (acquired June 21, 1968), Kenner Products Company (acquired December 20, 1967), Tom Huston Peanut Company (acquired August 27, 1966) and Gold Medal Insurance Co. (incorporated 1963).

*Adjusted for two-for-one split in August, 1967. Per share data based on the average common and common equivalent shares outstanding during each year.

J

dollars in millions and shares outstanding in thousands

y 29 966	May 30 1965	Years Ended May 31 1964	1963	1962	1961	1960
24.7	559.0	541.3	523.9	546.4	575.5	537.8
23.3	20.4	17.2	14.9	10.2	12.8	11.5
21.9	7.6	13.0	14.9	8.6	12.8	11.5
0.6	9.9	9.2	8.7	8.7	8.6	8.1
—	.3	1.1	1.1	1.1	1.1	1.1
2.7	10.2	6.9	5.1	.4	3.1	2.3
.52	1.31	1.05	.95	.63	.82	.73
.43	.48	.78	.95	.52	.82	.73
.70	.65	.60	.60	.60	.60	.57½
190	15,170	15,250	14,502	14,448	14,386	14,278
—	—	221	221	221	221	221
—	—	—	—	—	—	—
100	28,700	32,700	30,000	28,400	23,500	19,100
-26	31¾-19⅛	21⅜-16¼	19-11⅛	19⅜-10¾	18½-12½	19⅛-12
—	—	—	—	—	—	—

*Adjusted for two-for-one split in August, 1967. Per share data for 1965 through 1969 based on the average common and common equivalent shares outstanding during the year. Earnings per share for 1965 through 1968 have been recalculated in accordance with current accounting rules.

Other Statistics

Restated for Poolings of Interests

dollars in millions

	Fiscal Years 1969	1968	1967	1966	1965
Net expenditures for plant and equipment	$30.5	23.0	26.7	45.9	28.5
Research expenditures	$13.5	10.6	10.4	9.2	7.9
Advertising media expenditures	$58.8	51.6	53.3	46.8	47.4
Wages, salaries and employee benefits	$161.8	126.1	117.4	107.0	105.7
Number of employees	25,869	22,722	16,056	15,102	15,563
Depreciation and amortization	$22.6	18.0	14.0	12.8	10.5

GENERAL MILLS

Divisions and Subsidiaries

CONSUMER FOODS

Consumer Foods Group

BETTY CROCKER DIVISION: Cake, frosting, cookie, brownie and pudding cake mixes; ready-to-spread frostings; canned puddings.

BIG G DIVISION: Ready-to-eat cereals, including such well-known brands as *Wheaties, Cheerios, Total, Trix, Corn Kix, Lucky Charms* and *Clackers.*

GOLDEN VALLEY DIVISION: Shaped snacks; *Potato Buds;* scalloped and au gratin potatoes, hash brown potatoes; casseroles; *Bac*Os; Bisquick;* pie crust and muffin mixes; pie crust sticks; cake flour; safflower oil.

SPERRY DIVISION: Family flour for home use; bakery flour; bakery mixes; oat products; grain merchandising; *Big G Candies.*

CONSUMER SPECIALTIES DIVISION: Meat snacks; vinegar pickled meat products; beef jerky; sausage; bologna; weiners; luncheon meats. Operates through two subsidiary companies, Slim Jim, Inc., and Jesse Jones Sausage Company.

THE GORTON CORPORATION: Frozen fish and seafood products and frozen food specialties in the United States and Canada; fish meal and fish oil in world markets.

MORTON FOODS, INC.: Potato chips; corn-based snacks; pork skins; popcorn and other products, totaling more than 300, for homes and restaurants in the southwestern United States.

TOM HUSTON PEANUT COMPANY: Peanuts; candies; potato and corn chips; peanut butter and sweet sandwiches; other snack products.

COMMERCIAL FOODS

FOOD SERVICE DIVISION: Prepared baking mixes; breakfast cereals; soup and sauce mixes; potato products; ready-to-serve salads, sauces, puddings and pie fillings; custards; *Bac-O-Bits;* snacks; hotel and restaurant flour; prepared mixes and bases for bakers; branded bakery flours; frozen pastry doughs.

SPECIALTY CHEMICALS, FOOD INGREDIENTS

CHEMICAL DIVISION: Polyamide resins; fatty nitrogen compounds; dimer acids; soy sterols; cellulose sponges; pharmaceutical intermediates and other fine chemicals; water soluble polymers; vitamin concentrates; wheat starches and proteins; wheat germ oil; mold release agents; beverage concentrates.

CRAFTS, GAMES, TOYS

CRAFT, GAME & TOY DIVISION: Board games; puzzles; craft items; model car kits; sight and sound toys; homemaker toys; construction toys; children's modeling compounds; painting kits; dolls. Operates through five principal domestic subsidiaries, Craft Master Corporation, Kenner Products Company, Model Products Corporation, Parker Brothers, Inc., Rainbow Crafts, Inc.

FASHION PRODUCTS

MONOCRAFT, INC.: *Monet* costume jewelry, including necklaces, bracelets, pins, earrings and charms.

DIRECT MARKETING

DEXTER THREAD MILLS, INC.: Mail order sales, through Lee-Wards catalogs, of more than 5,000 do-it-yourself kits ranging from embroidery and handbags to lamps and other home decorations.

OTHER DOMESTIC SUBSIDIARIES
Wholly Owned and Active

The Donruss Co., bubble gum; Gold Medal Insurance Co., selected coverage of General Mills properties.

INTERNATIONAL OPERATIONS

INTERNATIONAL DIVISION: Consumer foods in England, Continental Europe, Mexico, Canada, Chile, Guatemala, Venezuela and Japan; mineral water and natural fruit flavored drinks in Italy; flour in Mexico, Guatemala, Nicaragua, Panama and Venezuela; specialty chemicals in Brazil, Japan and Mexico; expanded soy proteins in Sweden; export of flour and packaged foods. Operates through subsidiaries. The Smiths Food Group Limited produces and markets potato chips, biscuits, nuts and candy in the United Kingdom and Continental Europe.

OTHER Wholly Owned and Active Subsidiaries, International: Craft Master Corporation of Canada Ltd., toys; General Mills Cereals, Ltd., Canada, package foods; General Mills de Mexico, S.A., specialty chemicals; General Mills de Venezuela, S.A., flour; General Mills Finance N.V., Netherlands Antilles, finance; General Mills Inc. (a Panamanian Corporation), worldwide marketing of vegetable gums; Palitoy, Limited, United Kingdom, toys; Parker Brothers Games Limited, Canada, games; Toronto Macaroni & Imported Foods Limited, Canada, macaroni and related products; Tragasol Products Limited, England, vegetable gums.

PARTIALLY Owned and Active Subsidiaries, International: Biscuiterie Nantaise, S.A., France, cookies and similar products; Capiepa, S.A., France, games; Dai-Ichi General Ltd., Japan, specialty chemicals; Establissements J. M. Simon S.A.R.L. (Frances Cartes), France, games; Fonti Levissima, S.p.A., Italy, fruit based beverages and mineral water; General Mills de Chile Alimentos, S.A.C.I., cake mixes and family flour; General Mills de Panama, S.A., flour; Habib-General Limited, Pakistan, guar gums; Indusquima, S.A., Brazil, specialty chemicals; Industria del Maiz, S.A., Guatemala, corn flour; Industrias Gem-Ina, S.A., Nicaragua, flour; Industria Harinera Guatemalteca, S.A., flour and mixes; Kenner Products (Canada) Limited, toys; Miro Company, S.A., France, games; Morinaga General Mills, Limited, Japan, convenience foods; Parker Brothers France S.A.R.L., games; Productos de Trigo, S.A., Mexico, cookie, cracker and pasta products and flour; Provesta Corporation, exploration of ways to augment world food supplies; Smiths Potato Crisps (Holland) N.V., snacks; Viking International, S.A., Belgium, frozen foods.

OTHER Companies in Which General Mills Has an Interest: Grandes Molinos de Venezuela, S.A., flour.

SERVING CONSUMERS AT HOME AND AWAY

General Mills is changing. As people's wants and needs expand and diversify with increasing tempo, new opportunities open for service and profit. The company is committed to recognizing these opportunities quickly and capitalizing upon them through action-oriented willingness to change and innovate.

Through the years, General Mills has broadened its services from flour milling to the production and marketing of a wide variety of products for homemakers and their families. New products and services are being added continually.

To its new ventures, General Mills brings exceptional skills and experience. For decades, it has been our business to know what homemakers and their families want, how to earn their confidence in the goods and services offered under various company labels and how to reach consumers effectively with honest and informative advertising. It is this broad experience and dedication to service which tie the company's traditional operations to such activities as chain restaurant ventures and the production and marketing of snacks, frozen seafood, bubble gum, crafts, games and toys, costume jewelry and home decorating kits. Each in its own way, these diverse operations exemplify the conviction that present success and future growth depend on service. James Ford Bell, founder of the company, repeatedly said: "We must serve well to deserve well." Earning through service to the consumer remains the basic principle of General Mills in all we do.

CORPORATE CITIZENSHIP ESSENTIAL TO PROGRESS

Beyond its basic economic role, there are other commitments which any forward-looking corporation must accept — particularly in our troubled times — if it is to earn and keep a legitimate and enduring place in our society. In an era when government seeks to do more and more and appears oftentimes to achieve less and less, it is the responsibility of business to marshal its resources to meet the social needs of America, both because this is morally right and because it is obviously in everyone's interest to have a stable and strong nation in which to live and work.

To help fulfill this commitment, General Mills in the past year has reorganized its philanthropic efforts not only to give more generously than in the past but, more importantly, to give with more discernment. Since January, 1969, all corporate giving has been channeled through the General Mills Foundation, directed by Dr. Frank C. Hildebrand, Vice President of the company.

During 1968-69, General Mills, Inc., its subsidiaries and the General Mills Foundation devoted about $1,000,000 to philanthropy, including college scholarships. Of this total, approximately 40 per cent

WITH MONEY, *equipment and know-how, General Mills helps the Lincoln Junior High School Learning Center, Minneapolis, prepare young people from low-income areas of the inner city to continue their education. Frank L. Wyche, right, Manager of Special Programs for General Mills, and David W. Roffers, Director of the Learning Center, observe students engaged in a work and learn program.*

PARTIES PICK UP *with Slim Jims, tasty meat snacks always enjoyable at home or away. Products of the Consumer Specialties Division, Slim Jims came to General Mills in 1967 with the Cherry-Levis Food Products Corp., now renamed Slim Jim, Inc.*

went to education, 36 per cent to health and welfare programs and 24 per cent to civic, cultural and other activities. Grants to programs dealing with problems of our cities increased substantially during the year.

General Mills' management believes, however, that effective philanthropy must be more than a reaction to various appeals for assistance or a blind acceptance of traditional patterns adhered to in the past. It has tried, therefore, to be imaginative and creative in giving and has sought new areas of need where it was felt help might have real impact.

An example of this philosophy is a substantial General Mills gift to the Lincoln Learning Center, a school for junior high school youth operated by the Minneapolis school system. The Learning Center is frankly experimental in its approach to the educational needs of 13- and 14-year-old boys who have rejected conventional classroom techniques and curricula. It is impossible to predict the degree of success to be achieved, but school officials are encouraged by the initial response of the boys and by the high retention rate of students thus far.

General Mills is also engaged in a number of programs designed to hire and to retain in employment increased numbers of the disadvantaged. These programs have been tailored to meet the needs of the individual community and are spearheaded by special efforts to participate effectively in the National Alliance of Businessmen at all company locations.

Beyond the giving of money and the hiring of the disadvantaged, another great corporate resource is available—the personal and committed involvement of company people in public affairs. General Mills encourages this kind of service, and during the past year, a substantial number of General Mills men and women were active in a broad range of programs.

Preston Townley, Marketing Director of the Betty Crocker Division, for example, returned to General Mills in September, 1968, after a year in Washington, D.C., as a White House Fellow. The current White House Fellows program includes *Judge A. Dickson,* a member of the General Mills Law Department.

Frank C. Kent, on leave of absence from the Public Relations Department, continued during the year as Commissioner of Human Rights for the State of Minnesota, and *Herbert D. Grevious,* a Venture Analyst, served the City of Minneapolis in the summer of 1968 as Director of the Mayor's Council on Youth Opportunity. Another General Mills employee, *Thomas L. Olson,* spent two months working full time for the National Alliance of Businessmen and has recently been elected County Commissioner, Hennepin County, Minn.

From the James Ford Bell Technical Center, *Henry Helm,* Personnel Assistant, has been chosen for a summer appointment with the National Alliance of Businessmen in the nation's capital.

On the West Coast, *Robert E. Biederman,* Lodi plant warehouse foreman, has served as Mayor of Galt, Calif., since April, 1964.

These active citizens represent only a sampling of General Mills people who are contributing to the welfare of their communities and the nation. A complete list would be lengthy.

General Mills is also active in another area of national importance—the planning and implementation of socio-commercial enterprise, based on the theory that private industry should be working toward the solution of social problems by business methods keyed to the profit motive.

An example of this approach was revealed in March of this year, with announcement of a new project involving the Tom Huston Peanut Company, a General Mills subsidiary. Working with

Reuben J. Patton, a New York businessman and civic leader in the field of black entrepreneurship, Tom's will make available a number of distributorships. Through these distributorships, minority group individuals with as little as $2,000 capital can set themselves up as independent Tom's sub-distributors. Each recruit then receives training in sales and management which will enable him to operate as an independent businessman, with pride in himself and a real stake in the stability and progress of his community.

Another activity is pointed even more directly toward the urban problem. Today, housing for low-income residents of the inner city is critical. Rehabilitation of deteriorating but sound dwellings may be less expensive and quicker in the creation of low-cost housing than sweeping urban renewal. In addition, it is likely to be less disrupting to the social fabric of a neighborhood. General Mills, therefore, is exploring profit-oriented opportunities to accelerate the rehabilitation of housing by marshaling the under-utilized resources of inner city areas.

Thus, through devotion to the consumer and recognition of its responsibilities as a corporate citizen, General Mills is earnestly striving to contribute to the general good in a measure equal to the benefits the corporation derives from our society.

Another General Mills program dedicated to this end is the Betty Crocker Search for the American Homemaker of Tomorrow, which in the past year celebrated its 15th anniversary. More than 15,000 high schools throughout the nation enrolled over 630,000 senior girls in competition for $110,000 in college scholarships. Throughout the history of this program, dedicated to giving young women a deeper appreciation of the home as the basic institution of our society, nearly 6,500,000 girls have participated. A total of 1,460 have earned General Mills scholarships totaling $1,591,000.

Numbers are less important, however, than the breadth and depth of the learning experience offered to students by the Betty Crocker Search. With an examination (by which scholarship winners are selected) and educational aids provided by General Mills, the program helps schools give future homemakers a clearer view of their opportunities and responsibilities. Because homemaking involves virtually all of life, the Betty Crocker Search is related to all curricula — from the mathematics of money management to the personal and social significance of spiritual and moral values.

EXECUTIVE ASSIGNMENTS ARE KEYED TO YEARS OF ACCELERATING GROWTH

President James P. McFarland became Chief Executive Officer of General Mills on September 23, 1968, succeeding Gen. Edwin W. Rawlings, who had been elected Chairman of the Board on December 1, 1967, after six years' service as President. General Rawlings retired as Chairman on January 2, 1969, continuing as a member of the board.

Also on September 23, James A. Summer, formerly Managing Director of The

JEWELRY *in the golden manner of Monet adds elegance to life's special occasions. Necklace and earrings from the "Prelude" Collection are by Monocraft, Inc., which became part of General Mills in December, 1968.*

Smiths Food Group Limited, a British subsidiary of General Mills, was elected to the Board of Directors and named Executive Vice President and Chief Operating Officer.

Mr. McFarland joined General Mills as a grain accountant in 1934, advancing through accounting, sales, advertising, operations and merchandising positions until he became Vice President and General Manager of the Grocery Products Division in 1957. In 1961, he was named Corporate Administrative Officer for Consumer Foods and three years later Executive Vice President. He became President and Chief Operating Officer on December 1, 1967.

Mr. Summer joined General Mills in 1960 as Coordinator of Planning. Later, he served as Assistant to the President and as General Manager of the company's Electronics Division. He became Controller of General Mills in 1965 and moved to England as Managing Director of The Smiths Food Group in May, 1967.

General Rawlings joined General Mills as Financial Vice President and a member of the Board of Directors in 1959 following his retirement as a four-star general in the U.S. Air Force. He became Executive Vice President in 1960, President and Chief Executive officer in 1961 and Chairman of the Board in 1967, continuing as Chief Executive Officer until the fall of 1968. Under his leadership, General Mills changed dramatically and grew impressively.

During fiscal 1968-69, a series of other executive assignments keyed General Mills for accelerating growth and progress. As a result, Burton W. Roberts is primarily responsible for wholly owned subsidiaries – Tom Huston Peanut Company, Morton Foods, Inc., and The Gorton Corporation — and for the Consumer Specialties and Food Service Divisions. Donald F. Swanson has basic responsibility for a newly formed Consumer Foods Group, the Fashion Venture, Advertising and Marketing Services and the Transportation and Purchasing Departments. Eugene E. Woolley is responsible for the Chemical Division and other venture activities, and Craig A. Nalen has responsibility for the Craft, Game & Toy Division and the company's Direct Marketing Venture. Sewall D. Andrews, Jr., continues as Vice President-Administrator International Operations. All of these executives report directly to the Executive Vice President.

H. Brewster Atwater, Jr., formerly Vice President and General Manager of the Grocery Products Division, was named Vice President, Consumer Foods Group, responsible to Mr. Swanson. Vice President John P. Eckert, formerly Managing Director of Far Eastern Operations, was named Manager of International Operations for the Craft, Game & Toy Division; Fletcher C. Waller, Jr., previously Director of Marketing for Kenner Products Company, a subsidiary, was appointed Manager of U. S. Operations for the division. Cyril L. Ducharme, formerly Industrial Chemicals Sales Manager for the Chemical Division, succeeded Mr. Eckert as Managing Director of Far Eastern Operations.

FUN FOODS *from Morton Foods, Inc., a subsidiary of General Mills headquartered in Dallas, Texas, liven up a living room session with television—or a family meal indoors or out.*

M. J. Ferreira, a Vice President of General Mills, was elected a Director, Deputy Chairman and Chief Executive Officer of The Smiths Food Group Limited in England. L. E. Morey, formerly Deputy Managing Director, became Managing Director of Smiths. John D. Herrick, previously Controller and Director of Administration for Smiths, replaced Mr. Ferreira as General Manager of General Mills' Canadian Operations.

Joseph Appelbaum, President and General Manager of Slim Jim, Inc., was assigned additional responsibility for the Jesse Jones Sausage Co.; both are subsidiaries of General Mills. On June 1, 1969, H. Hawkins Bradley, Executive Vice President of Jesse Jones, succeeded Earl T. Jones as President.

Vice Presidents William R. Humphrey, Jr., formerly General Manager of the Flour and Food Service Division, Cyril W. Plattes, previously Director of Marketing for Cereals, and Darryl J. Woodland, General Manager of Sperry Operations, were named General Managers of newly formed Food Service, Big G and Sperry Divisions respectively.

Paul L. Parker, Vice President and Director of Public Relations, assumed added responsibility for corporate personnel, labor relations, safety and security during the year. Edward K. Smith, Vice President and formerly Controller of the Grocery Products Division, became Controller of General Mills. Dr. Frank C. Hildebrand, Vice President, relinquished his responsibility for Quality Control but continues as Executive Director of the General Mills Foundation and Chairman of the Information Systems Planning Board.

Fifteen executives were named Vice Presidents. They are John M. Barker, Director of Taxes; Walter R. Barry, Jr., General Manager of the newly formed Betty Crocker Division; F. C. Blodgett, General Manager of the new Golden Valley Division; Donald W. Carlson, General Manager of the Chemical Division; Henry H. Finch, Director of Purchases; John T. Gerlach, Director of Corporate Growth; Verne C. Johnson, Director of Corporate Planning; E. Robert Kinney, President of The Gorton Corporation; Daniel G. McPherson, Director of Quality Control; Thomas P. Nelson, Controller of the Consumer Foods Group; Henry H. Porter, Jr., Treasurer; Dr. J. Robert Roach, Director of Research for the Consumer Foods Group; Howard L. Ross, Director of Sales for the Consumer Foods Group; William K. Smith, Director of Transportation; and Michael L. Tracy, General Manager of the Consumer Specialties Division.

WATERPOXY *(trademark of a new polyamide resin-epoxy resin paint system) represents a revolution in paint technology. For do-it-yourself and professional painters, it makes possible hard, durable, epoxy coatings with the ease of water mixing. Manufacturers are now offering a variety of paints with Waterpoxy, developed for the coatings industry by General Mills' Chemical Division.*

Retirements

Gerald S. Kennedy, whose association with General Mills' predecessor, the Washburn Crosby Company, began in 1914, did not stand for reelection to the Board of Directors in 1968-69, retiring after 20 years as a Director. A major contributor to the progress of General Mills, he served as Chairman of the Board from January, 1959, to December, 1961.

Three Vice Presidents retired. Everett H. Andreson, a veteran of nearly 40 years with General Mills, completed his distinguished career in January, 1969. He had served as Director of Grocery Products Sales and more recently Director of Trade and Customer Relations. William F. Mitchell retired from his position as Vice President and General Manager of the Chemical Division effective January 15, 1969. He continues to serve the company on special assignments. Lester F. Borchardt, formerly Director of Research

VISITING AMERICAN *students, like Parisiennes and other Continentals, enjoy macaroons, almond covered biscuits and other fine products of Biscuiterie Nantaise, Nantes, France. General Mills owns 65 per cent of Biscuiterie Nantaise stock.*

and a Vice President since 1963, retired after the close of the fiscal year. In his 36 years with General Mills, he contributed to the development of a wide variety of products and processes.

Louis F. Polk, Jr., Vice President-Finance and a Director, and Richard L. Schall, who served as both Financial Vice President and Controller, left the employ of General Mills during the year. Vice President W. Robert Price, Jr., Director of New Ventures, resigned as a Vice President and was granted a leave of absence from the company.

GENERAL MILLS INTRODUCES IMPROVED PENSION PLAN

Because of the strong financial position of the General Mills Pension Plan for salaried, non-union employees in the United States, employee contributions to the plan, which had been suspended since March 1, 1966, were discontinued effective January 1, 1969, and the plan became fully supported by the company. At the same time, a Voluntary Investment Plan was made available. Employees may contribute up to five per cent of their earnings; the company adds to the employee's account an amount equal to 25 per cent of his contribution.

Contributions by employees to the Pension Plan before January 1, 1969, were either refunded or transferred to the Voluntary Investment Plan without matching contributions by General Mills.

RELATIONSHIPS WITH UNIONS CONTINUE TO BE CONSTRUCTIVE

Relationships with unions representing General Mills' employees in 39 bargaining units continued to be constructive through 1968-69. Because most labor contracts negotiated in 1967 covered two or more years, bargaining was limited to eight agreements. Among these was the Master Agreement with the American Federation of Grain Millers, which covers fringe benefits for employees at 20 locations. One strike occurred in connection with contract negotiations. This involved 49 employees for 11 days at Louisville, Ky. Brief unauthorized work stoppages took place in April and May at Toledo, Buffalo and Kansas City, those at Toledo and Buffalo involving employees in only one department.

Throughout the year, the company continued its intensive training programs for company supervisors in labor contract administration and the techniques of effective human relations. Use of teaching machines and programmed instruction material was initiated at a number of plants as part of a training program for supervision in proper contract administration.

FLOUR PACKAGING AT LOUISVILLE DISCONTINUED FOLLOWING FIRE

In the early morning hours of September 24, 1968, fire swept through the warehouse of General Mills' flour packaging plant at Louisville, Ky. The warehouse and its contents were a total loss.

After extensive study of the desirability of rebuilding the warehouse, the company decided to discontinue flour packaging operations at Louisville. The 70 people employed by the plant were transferred to other operations, took early retirement or were helped to find new positions.

BETTY CROCKER SERVICE EXPANDS THROUGH FOUR NEW COOKBOOKS

Four new cookbooks expanded Betty Crocker's service to homemakers in 1968-69.

Betty Crocker's Pie and Pastry Cookbook offers 160 beautifully illustrated pages of ideas for perfect pies. Three new mini-cookbooks by Betty Crocker—*Ways with Hamburger, Ways with Chicken* and *Cakes Kids Love*—help busy modern women add zest to family meals.

More than 26½ million copies of Betty

Crocker's cookbooks are now serving in America's homes, schools and libraries.

BOB RICHARDS JOGS, CYCLES TO PROMOTE FITNESS CRUSADE

Dramatizing the slogan, "Get Fit For Life," Bob Richards, Olympic champion and Director of the Wheaties Sports Federation, on June 1, 1969, began a jogging and cycling trip across the United States from California to New York. His leg-powered journey is part of the Bob Richards Fitness Crusade, sponsored by the Wheaties Sports Federation in cooperation with the National Jogging Association to remind people that sound physical condition is essential to a long and happy life.

Richards' schedule called for completion of the 3,400 mile trip in 75 days. In communities across the nation, he has been joined by throngs of joggers and cyclists, young and old, who have accompanied him for sections of his journey.

In explaining why he devoted nearly three months of his life to a grueling cross-country trip, Richards said, "As a trained athlete since early childhood, I know how much regular exercise under proper medical supervision can do to help a person keep fit for life. When we get soft physically, we soften also mentally and spiritually. I see a correlation between physical fitness and softness of character. Those who built America were physically and mentally strong. I'd like this Crusade to help give back our sense of toughness."

GENERAL MILLS AND PHILLIPS JOIN FORCES TO FIGHT HUNGER

General Mills and the Phillips Petroleum Company, each with a small investment, have formed the Provesta Corporation, a company organized to seek ways of using new technologies to fight worldwide hunger.

General Mills' techniques for producing new forms of protein foods from basic agricultural commodities may have application in many developing countries. Through the years, Phillips Petroleum Company has developed processes for the formation of high quality proteins through reactions of hydrocarbons and other nutrients and has pioneered ways to improve yields of conventional agricultural crops.

FEDERAL TRADE COMMISSION CONSENT ORDER IS ISSUED

The Federal Trade Commission on March 11, 1969, issued an order, consented to by General Mills, culminating a long-term investigation of the acquisition of Morton Foods, Inc., and the Tom Huston Peanut Company. In effect this consent order restricts for a period of 10 years the power of General Mills to acquire other businesses in specified product lines, largely in the grocery field, without prior approval of the commission. The alternative to this order would have been long and expensive investigation and litigation which would certainly have had an adverse effect on the performance of Morton Foods and Tom's.

Investigation by the FTC of General Mills' acquisitions in the craft, game and toy fields and of The Gorton Corporation continues.

THROUGH LEEWARDS *catalogs, Dexter Thread Mills, Inc., new member of the General Mills family, sells by mail order more than 5,000 products throughout the United States.*

Board of Directors


Charles H. Bell, Minneapolis
Chairman of Executive Committee
General Mills, Inc.


Ford Bell, Minneapolis


Thomas M. Crosby, Minneapolis
President
Northwest Growth Fund, Inc.


J. Wilbur Feighner, Columbus, Ga.
Vice President
General Mills, Inc.


Philip B. Harris, Minneapolis
President
Northwestern National Bank


Stephen F. Keating, Minneapolis
President
Honeywell Inc.


William H. Lang, St. Paul
President
Foley Brothers, Inc.


David M. Lilly, Minneapolis
Chairman of Board
Toro Manufacturing Corporation


Deane W. Malott, Ithaca, N.Y.
President Emeritus
Cornell University


Louis W. Menk, St. Paul
President
Northern Pacific Railway Company


Edwin W. Rawlings, Minneapolis


William B. Reynolds, Minneapolis
Vice President
General Mills, Inc.


Burton W. Roberts, Minneapolis
Vice President
General Mills, Inc.


Frederick A. O. Schwarz,
New York, N.Y.
of Davis Polk & Wardwell


James A. Summer, Minneapolis
Executive Vice President, Chief
Operating Officer General Mills, Inc.

Kenneth N. Dayton, Minneapolis
President
Dayton Hudson Corporation

R. Stanley Laing, Dayton, Ohio
President
The National Cash Register Company

James P. McFarland, Minneapolis
President, Chief Executive Officer
General Mills, Inc.

EXECUTIVE COMMITTEE

Charles H. Bell, *Chairman*
Ford Bell
Kenneth N. Dayton
Stephen F. Keating
William H. Lang
James P. McFarland
Edwin W. Rawlings
Frederick A. O. Schwarz

FINANCE COMMITTEE

Charles H. Bell, *Chairman*
Philip B. Harris, *Vice Chairman*
Ford Bell
R. Stanley Laing
James P. McFarland
Edwin W. Rawlings
Frederick A. O. Schwarz

CORPORATE OFFICERS, GENERAL MILLS, INC.

James P. McFarland, *President*
Charles H. Bell, *Chairman of Executive Committee*
James A. Summer, *Executive Vice President*

Sewall D. Andrews, Jr., *Vice President, Administrator International Operations*
H. Brewster Atwater, Jr., *Vice President, Consumer Foods Group*
J. Wilbur Feighner, *Vice President, President Tom Huston Peanut Company*
John F. Finn, *Vice President, Secretary and General Counsel*
James S. Fish, *Vice President, Advertising and Marketing Services*
Frank C. Hildebrand, *Vice President, Executive Director of the General Mills Foundation, Chairman of the Information Systems Planning Board*
E. Robert Kinney, *Vice President, President The Gorton Corporation*
Craig A. Nalen, *Vice President, Craft, Game & Toy Division and Direct Marketing Venture*
Paul L. Parker, *Vice President, Public and Employee Relations*
Henry H. Porter, Jr., *Vice President and Treasurer*
William B. Reynolds, *Vice President and Technical Director*
Burton W. Roberts, *Vice President, Consumer Specialties Division, Food Service Division, The Gorton Corporation, Tom Huston Peanut Company, Morton Foods, Inc.*
Edward K. Smith, *Vice President and Controller*
Donald F. Swanson, *Vice President, Consumer Foods, Fashion Venture, Advertising and Marketing Services, Transportation and Purchasing*
Eugene E. Woolley, *Vice President, Chemical Division and Other Venture Activities*

TRANSFER AGENCIES

COMMON STOCK:
First National City Bank, New York
Office of the Company, Minneapolis

$1.75 CUMULATIVE CONVERTIBLE PREFERENCE STOCK:
First National City Bank, New York
The First National Bank of Columbus (Georgia)

REGISTRARS

COMMON STOCK:
The Chase Manhattan Bank, N. A., New York
Northwestern National Bank of Minneapolis

$1.75 CUMULATIVE CONVERTIBLE PREFERENCE STOCK:
The Chase Manhattan Bank, N. A., New York
Columbus Bank and Trust Company (Georgia)

OPERATING OFFICERS, General Mills, Inc.

Walter R. Barry, Jr., *Vice President and General Manager, Betty Crocker Division*
Mercedes A. Bates, *Vice President and Director of Betty Crocker Kitchens*
M. M. Benidt, *Vice President and Director of Export and Latin American Operations*
F. C. Blodgett, *Vice President and General Manager, Golden Valley Division*
Fred Blumers, *Vice President and Director of Operations, Consumer Foods Group*
Donald W. Carlson, *Vice President and General Manager, Chemical Division*
Roger S. Carlson, *Vice President and Assistant General Manager, Golden Valley Division*
John P. Eckert, *Vice President and Manager of International Operations, Craft, Game & Toy Division*
M. J. Ferreira, *Vice President, Chief Executive Officer of The Smiths Food Group Limited, United Kingdom*
George C. Gaines, *Vice President and Managing Director of European Operations*
William R. Humphrey, Jr., *Vice President and General Manager, Food Service Division*
Thomas P. Nelson, *Vice President and Controller, Consumer Foods Group*
Cyril W. Plattes, *Vice President and General Manager, Big G Division*
J. Robert Roach, *Vice President and Director of Research, Consumer Foods Group*
Howard L. Ross, *Vice President and Director of Sales, Consumer Foods Group*
Gordon W. Ryan, *Vice President and Director of Trade Policy and Customer Relations, Consumer Foods Group*
Michael L. Tracy, *Vice President and General Manager, Consumer Specialties Division*
Gordon E. Whiteman, *Vice President and Director of Grain Operations, Sperry Division*
Darryl J. Woodland, *Vice President and General Manager, Sperry Division*

STAFF OFFICERS, General Mills, Inc.

John M. Barker, *Vice President and Director of Taxes*
Henry H. Finch, *Vice President and Director of Purchases*
Ralph E. Gaylord, *Vice President, Special Corporate Assignments*
John T. Gerlach, *Vice President and Director of Corporate Growth*
J. William Haun, *Vice President and Director of Engineering*
Verne C. Johnson, *Vice President and Director of Corporate Planning*
Daniel G. McPherson, *Vice President and Director of Quality Control*
Fred M. Pugh, *Vice President, Special Corporate Assignments*
William K. Smith, *Vice President and Director of Transportation*
Harold A. Wittcoff, *Vice President and Director of Corporate Research*

DOMESTIC SUBSIDIARIES

Craft Master Corporation: A. M. Donofrio, *President*
Dexter Thread Mills, Inc.: Sidney C. Fink, *President*
The Donruss Co.: Donald B. Wiener, *Chief Executive Officer*
Gold Medal Insurance Co.: Harry L. Davis, *President*
The Gorton Corporation: E. Robert Kinney, *President*
Jesse Jones Sausage Company: H. Hawkins Bradley, *President*
Kenner Products Company: Albert M. Steiner, *President*
Model Products Corporation: George A. Toteff, *President*
Monocraft, Inc.: Michael Chernow, *President*
Morton Foods, Inc.: James W. Campbell, *President*
Parker Brothers, Inc.: Edward P. Parker, *President*
Rainbow Crafts, Inc.: Arthur L. Stoecklin, *President*
Slim Jim, Inc.: Joseph Appelbaum, *President*
Tom Huston Peanut Company: J. Wilbur Feighner, *President*

PLANT LOCATIONS

PACKAGE FOODS PLANTS
Buffalo, New York
Chicago, Illinois
Lancaster, Ohio
Lodi, California
Toledo, Ohio
West Chicago, Illinois
Rexdale, Canada
Toronto, Canada
Brentford, England
Corby, England
Fleetwood, England
Great Yarmouth, England
Lincoln, England
London, England
Paulsgrove, England
Peterlee, England
Stockport, England
Cardiff, Wales
Swansea, Wales
Broek op Langedijk, The Netherlands
Compiegne, France
Nantes, France
Vertou, France
Tokyo, Japan
Guadalajara, Mexico
Guatemala City, Guatemala
Santiago, Chile

BEVERAGE PLANTS
Cantu, Italy
Cepina, Italy

CONSUMER SPECIALTIES PLANTS
Garner, North Carolina
Philadelphia, Pennsylvania

FLOUR MILLS
Avon, Iowa
Buffalo, New York
Chicago, Illinois
Great Falls, Montana
Johnson City, Tennessee
Kansas City, Missouri
Los Angeles, California
Vallejo, California
Guadalajara, Mexico
Guatemala City, Guatemala
Chinandega, Nicaragua
Panama City, Panama

PURITY OATS PLANT
Minneapolis, Minnesota

TERMINAL ELEVATORS
Duluth, Minnesota
Enid, Oklahoma
Minneapolis, Minnesota
Pocatello, Idaho

COUNTRY ELEVATORS
42 in Idaho, Kansas, Montana, Oklahoma and Utah

BAG FACTORY
Vallejo, California

FOOD SERVICE PLANT
St. Charles, Illinois

GORTON PLANTS
Akron, Ohio
Cleveland, Ohio
Cordova, Alaska
Gloucester, Massachusetts
Kodiak, Alaska
Miami, Florida
Mobile, Alabama
Monroe, Connecticut
Paducah, Kentucky
Port Norris, New Jersey
Westport, Washington
Wilmington, California
Caraquet, Canada
Magdalen Islands, Canada
Montreal, Canada
Ostende, Belgium
Lima, Peru

TOM HUSTON PLANTS
Columbus, Georgia
Corsicana, Texas
Knoxville, Tennessee
Macon, Georgia
Salem, Virginia

MORTON FOODS PLANTS
Corpus Christi, Texas
Dallas, Texas
El Paso, Texas
Farmers Branch, Texas
Fort Worth, Texas
Lubbock, Texas
Tulsa, Oklahoma

DONRUSS PLANT
Memphis, Tennessee

CHEMICAL PLANTS
Kankakee, Illinois
Kenedy, Texas
Keokuk, Iowa
Ossining, New York
Tonawanda, New York
Hooton, England
Karachi, Pakistan
Kakogawa City, Japan
Sao Paulo, Brazil
Tlalnepantla, Mexico

CRAFT, GAME AND TOY PLANTS
Cincinnati, Ohio
Cucamonga, California
Des Moines, Iowa
Greenwich, Ohio
Mt. Clemens, Michigan
Salem, Massachusetts
Sante Fe Springs, California
Taunton, Massachusetts
Toledo, Ohio
Strathroy, Canada
Toronto, Canada
Coalville, England
Creutzwald, France
Nancy, France
Paris, France

DEXTER THREAD MILLS PLANT
Elgin, Illinois

MONOCRAFT PLANT
Providence, Rhode Island

RESEARCH LABORATORIES
Minneapolis, Minnesota

Some of the Food Products by Which We Are Known

Some of the Food Products by Which We Are Known

Some of the Non-food Products by Which We Are Known